VOL 17 No 12 DECEMBER 1987

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Prepared for the Foreign and Commonwealth Office by Reference Services, Central Office of Information and published by Her Majesty's Stationery Office, London

Annual subscriptions including postage and index £23·50

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Immigration Bill

Amendments to the Immigration Act 1971, designed to enable the immigration system to be operated more effectively while maintaining the balance between firmness and fairness, are contained in the Immigration Bill which has been given a second reading in the House of Commons. The changes, which the Home Secretary described as 'sensible and limited', include provisions to ensure that the current Immigration Rules apply equally to all those wishing to join a spouse or relative settled in Britain; to make overstaying a continuing offence; to prevent polygamous settlement; and to deal with the problem of people arriving in Britain and claiming British citizenship without first establishing that claim overseas.

The Bill was given a second reading by 258 votes to 221 on 16 November (*Hansard*, Vol 122, No 44, cols 785-864). Before outlining the provisions of the Bill the Home Secretary, Mr Douglas Hurd, announced certain changes to the Immigration Rules intended to reduce delays in the Immigration Department of the Home Office.

PARLIAMENTARY DEBATE

Home Secretary's Statement

Introducing the Bill in the House of Commons, Mr Hurd said that firm immigration control was essential for good community relations. Since the 1971 Act mass primary immigration had ended but the system of control had to be kept in good order. Discretion and compassion could be exercised in individual cases but only if the framework was kept firm. The Bill was evidence of the Government's commitment to firm but fair controls.

Apart from the proposals contained in the Bill certain changes would be made in the Immigration Rules to ease pressure on the immigration service. At present people admitted as visitors, students, businessmen and certain other categories were granted permission to enter Britain and stay for specified periods which together added up to the maximum allowed for each category. Mr Hurd said that the proposed rule changes would allow longer periods of leave, up to the maximum, to be granted on arrival. Action had already been taken to allow genuine students to be admitted for the full duration of their courses. These steps would remove the need in many cases for people to apply for routine extensions to their stay. It was also proposed to reduce the maximum period of a visit from 12 to six months, and visitors would be admitted for six months on arrival, rather than for a shorter period after which they might apply to have their stay extended. (It would be possible to allow visitors to stay longer on compassionate grounds.) The intention was to produce a better service for applicants and tighter immigration control.

Mr Hurd said that he also hoped that new arrangements could be found for Members of Parliament taking up immigration cases with ministers or intervening on behalf of their constituents. The large number of cases often resulted in long delays and he would be consulting the Opposition on proposals for change.

Main Provisions of the Bill

Mr Hurd went on to outline the main provisions of the Bill. Clause 1 would repeal section 1(5) of the Immigration Act 1971 which protected the position of Commonwealth citizens settled in Britain on 1 January 1973 when the Act came into force. The main effect of this was that wives and children of those covered by section 1(5) were able to enter Britain without having to meet the requirement of the Immigration Rules that there must be adequate financial support and accommodation for them without recourse to public funds. The proposed change would mean that the rules would apply equally to all spouses and children wishing to join people settled in Britain. It was no service to community relations to allow families to enter Britain if they were homeless or destitute.

Clause 2 would prevent the entry of more than one wife of a polygamous marriage when the second wife had acquired the right of abode through marriage. Although the number of polygamous households being set up was only about 25 a year, polygamy was not an acceptable social custom in Britain. It would cause damage to community relations if it became generally understood that men could continue to bring in a number of wives each.

Clause 3 was intended to close a loophole which had allowed people to claim entry to Britain as British citizens by descent who had not first established that claim. The proposed change would mean that anyone claiming entry as a British citizen should produce evidence in the form of a passport or other document establishing their citizenship. Those unable to do so could be removed and would only be able to appeal against the decision from abroad. The proposal would reassert the principle that people seeking to enter Britain for settlement should establish their claim to do so before travelling.

Clause 4 restricted the right of appeal available to people liable to deportation because they had overstayed or breached the conditions of their stay. The effect of this change was that an appeal would only be allowed on the facts of the case and not on the

merits of the deportation decision. People who had been in Britain for more than seven years, however, would still be able to appeal on the merits of the deportation decision. The Bill would also give the Home Secretary powers to enable him to fulfil commitments given in the European Court that an overstayer who claimed political asylum should be able, in certain circumstances, to appeal against deportation in such a way that the asylum claim could be considered as well as the question of overstaying.

The offence of overstaying was dealt with in clause 5 which sought to make this a continuing offence. In doing so it would restore the law about overstaying to what it was before a court decision that the offence could only be committed on the first day following the expiry of the period of leave granted.

Clause 6 would make provision for European Community nationals exercising their right to free movement under Community legislation; the 1971 Act was drawn up before Britain joined the Community and was in some respects inconsistent with European Community law. It was the Government's intention to make an Order in Council under the European Communities Act 1972 setting out the position of people claiming free movement rights.

Finally, clause 7 would enable charges to be made for a grant of settlement to an applicant already in Britain, on the basis of recovering the cost of considering the application, as they were for visas, entry clearances and citizenship applications. It would also allow fees to be charged for any particular services to shipping companies or airlines by the immigration service.

Opposition Views

The official Opposition spokesman on home affairs, Mr Roy Hattersley, said that the Bill would benefit virtually no one. It prejudiced good community relations by pretending that there was an immigration problem when there was not. The question of overstaying had been widely exaggerated. The families that would be adversely affected by the Bill would invariably be black or of Asian origin and almost invariably poor. The Home Secretary claimed that the Bill would end a number of anomalies. In fact it reinforced the greatest anomaly: that European Community nationals enjoyed rights of settlement that were denied British citizens.

The Social Democratic Party spokesman, Mr John Cartwright, said that he regarded clause 1 as the most objectionable part of the Bill because it repealed the guarantee to Commonwealth citizens that their families would automatically be allowed to join them. This particularly affected the Bangladeshi community which was the last of the ethnic minorities to reunite their families and least able to meet the conditions imposed by the Bill.

Northern Ireland: Enniskillen Bomb Explosion

Eleven people were killed by a bomb planted by the Provisional IRA at Enniskillen, County Fermanagh, on 8 November as people were gathering for the annual Remembrance service. This attack on innocent civilians was strongly condemned by the British and Irish Governments.

Placed in an old school building near the war memorial, the bomb exploded without warning, causing part of the school to collapse onto civilians waiting for the Remembrance parade to arrive at the memorial. Among the 11 killed were three elderly couples, a young nurse and an off-duty policeman; more than 60 were injured, including 14 children. The Provisional IRA said that it had planted the bomb but that its detonation was accidental.

Another bomb, weighing 130-150 lbs, was later found and defused by the security forces at Tullyhammon about 18 miles from Enniskillen; it was planted at the assembly point of the route of another Remembrance Day parade.

British Government Reaction

Speaking to journalists on 8 November, the Prime Minister, Mrs Margaret Thatcher, said that to take advantage of people assembled to honour and respect the dead was a desecration. 'To do this at a time when people were remembering the dead of two world wars and conflicts since and people who died in defence of freedom shows an appalling depth of callousness and inhumanity. It brings a double grief to people who have already suffered so much.'

In a statement to the House of Commons on 9 November (*Hansard*, Vol 122, No 40, cols 19-35), the Secretary of State for Northern Ireland, Mr Tom King, said that the location chosen for the bomb and the absence of any warning showed that those responsible had set out deliberately to kill and maim ordinary members of the public from both communities. 'To perpetrate such an outrage against people, for many of whom the occasion was already one of sorrow and remembrance, betrays a total lack of any human feeling. Nor could there have been a more deliberately provocative act, more calculated to stir up sectarian hatred than this outrage on this special and solemn day.'

Referring to the deep sense of anger and outrage felt throughout Northern Ireland, Mr King said that people should not allow themselves to be provoked into retaliation. Further acts of violence would only play into the terrorists' hands and make the task of the security services more difficult. Instead every possible assistance had to be given by everyone to the security forces in the continuing fight against terrorism and to bring those responsible for this atrocious crime to justice.

The British Government was resolved to stand firmly with the people of Northern Ireland in the fight against terrorism and to make clear to the men of violence that threats and outrages made the Government even more determined to rid the province of the evils of terrorism.

Irish Reaction

In a message sent to Mrs Thatcher on 8 November, the Irish Prime Minister, Mr Charles Haughey, said that the Irish Government felt shock and revulsion at the carnage in Enniskillen. He added: 'All the security services in this island must combine in an all out effort to have the perpetrators brought to justice.'

Inter-Governmental Conference

At a special meeting of the Anglo-Irish Intergovernmental Conference in Dublin on 16 November, attended by Mr King and the Irish Foreign Minister, Mr Brian Lenihan, the discussion centred on key

aspects of the security situation, on which both sides agreed on the need for a very positive response.

On 23 November nearly 50 people were arrested in a large security operation on both sides of the border. The operation involved a third of the Irish Republic's security forces. It followed reports that four shiploads of arms had been successfully landed in the Republic. In November the French authorities seized a ship containing advanced weaponry, including ground to air missiles; indications were that this was destined for use by the Provisional IRA.

Terrorism

Following ratification by the Irish Government of the European Convention on the Suppression of Terrorism, Britain has expressed concern about new legislation under which the Irish Attorney-General would decide whether extradition of offenders should take place.

Britain is a party to the European Convention on the Suppression of Terrorism which was ratified by the Irish Parliament on 1 December. The Convention affects the law regarding extradition for political offences since it obliges contracting states not to regard certain offences as political for the purposes of extradition between contracting states. These offences include hijacking and attacks against aircraft, kidnapping or the taking of hostages; the use of bombs, grenades, rockets or automatic firearms; other serious acts of violence against the person; and offences involving an act against property which creates a collective danger for people. The Convention is aimed at terrorists and contains safeguards for genuine political refugees under which extradition can be refused if a state has substantial reasons for believing that the extradition request has been made for the purpose of prosecuting or punishing the fugitive on account of his or her race, religion, nationality or political opinion.

Answering questions in the House of Commons on 1 December (Hansard, Vol 123, No 55, col 762), the Prime Minister, Mrs Margaret Thatcher, referred to the new Irish legislation on extradition which proposed to give a role to the Irish Attorney-General whereby he would have to satisfy himself as to the intention to prosecute the fugitive and as to the sufficiency of the evidence. Britain was naturally concerned that there was a risk 'that extradition could become more difficult because of the new measures taken by the Irish Republic and that they would be a step backwards from the existing arrangements under which no application is made to a judicial authority for a warrant without there being a firm intention to prosecute based on sufficiency of evidence'. Britain was therefore surprised that a need was perceived for any further procedural step.

In an answer to a question on 3 December (*Hansard*, Vol 123, No 57, col 102), the Prime Minister said that the old extradition arrangements were excellent and fair. Neither side looked through the warrant and both accepted the fact that when a warrant was presented, there was evidence and intention to prosecute. 'I believe that the arrangements now . . . are a step backwards because they undo that most excellent arrangement.' Britain was opposed to making extradition more difficult and had done everything possible, in concert with other European countries, 'to make extradition easier and to ensure that the people against whom there are serious charges are extradited to the country that requires them so that they can be properly and fully tried'.

Following a meeting between Mrs Thatcher and the Irish Prime Minister, Mr Charles Haughey, on 4 December in Copenhagen, a joint statement was issued regarding extradition arrangements. In this, Britain, while welcoming Irish ratification of the European Convention, 'expressed concern about recent changes to existing extradition procedures between the United Kingdom and the Republic of Ireland'. Mr Haughey 'outlined the assurances he had given in the Dail that it was the intention of the Irish Government to make the new arrangements work satisfactorily and that, if any difficulties should arise, the procedures would be further reviewed'.

EXTERNAL AFFAIRS AND DEFENCE

The European Community: European Council

The European Council, held in Copenhagen on 4 and 5 December, has adjourned its discussions of the Community's finances and Common Agricultural Policy until February 1988 in Brussels. The meeting also issued statements on European political co-operation. Britain's views on the Common Agricultural Policy were set out by the Secretary of State for Foreign and Commonwealth Affairs in a speech in Bonn on 11 November.

Prime Minister's Statement

Reporting on the European Council to the House of Commons on 8 December (*Hansard*, Vol 124, No 60, cols 167-8) the Prime Minister, Mrs Margaret Thatcher, said that it had concentrated on three main issues: first, the amount of Community spending and its control, particularly agricultural spending; second, the level and objectives of the Community's regional, social and agricultural guidance funds; and third, how the Community should be financed in future.

Mrs Thatcher said that Britain was determined to see agricultural spending brought under control, together with measures to eliminate agricultural surpluses through the introduction of stabilisers for every agricultural commodity, which would impose automatic cuts in price support if agreed production levels were exceeded. All member states of the Community now accepted that stabilisers were needed, and particular progress had been made towards agreeing them for cereals, oilseeds and protein crops, on which spending had increased particularly sharply.

Together with several other governments, Britain had opposed the European Commission's proposal to double the resources devoted to regional, social and agricultural guidance funds. Britain believed that the growth of these structural funds should be contained within a strict budgetary framework, but that it would be right to concentrate a higher proportion of them on the less prosperous member states, especially Spain and Portugal.

The Council had discussed the Commission's proposals for restructuring member states' contributions to the Community's budget in order to make the arrangements reflect national prosperity more fairly (see p 233). Decisions on the future level of the Community's own resources would be taken only when arrangements for improved budgetary discipline had been worked out in detail. Britain was not prepared to see any dilution of its Fontainebleau abatement (see p 248, 1984).

The meeting had not been able to complete its work because of the large number of issues to be settled and the amount of detail involved. The Council had therefore adjourned and would resume its discussions in Brussels on 11 and 12 February 1988. The meeting had also issued statements on East-West relations, Afghanistan and the Middle East (see p 406 and p 399), and had discussed the world financial situation, welcoming the agreement between the United States Administration and Congress to reduce the United States budget deficit (see p 409). The member states had confirmed their commitment to running their own economies soundly, keeping down inflation and encouraging enterprise, and the meeting had stressed the importance of achieving a free internal market in Europe by 1992.

Mrs Thatcher concluded that the Council had made a significant move towards effective and binding control of Community spending. A great deal of work had still to be done before the next meeting, but Britain remained determined to secure such control.

European Political Co-operation

The European Council issued political co-operation statements on Afghanistan, East-West relations and the Middle East.

East-West Relations

The Council welcomed the agreement between the United States and the Soviet Union on global elimination of land-based intermediate range nuclear missiles as a 'milestone',[1] and hoped that the agreement would enter into force soon and give further impetus to bilateral and multilateral negotiations on arms control and disarmament. The Twelve would continue to seek more secure and co-operative relations between states through the Conference on Security and Co-operation in Europe process, and all the undertakings made in Helsinki and Madrid should be fully implemented (see pp 307-12, 1975, 325-8, 1983). Respect for human rights and freedoms was a prerequisite for confidence, understanding and co-operation, and the Twelve were determined that the Vienna meeting (see pp 347-9, 1986) should benefit all individuals in the 35 countries involved. The Twelve wished to build upon the achievements of the Stockholm conference (see pp 317-19, 1986) and would work resolutely towards a stable and secure balance of conventional forces in Europe at a lower level.

[1]The agreement, signed by the United States and the Soviet Union in Washington on 8 December, will be covered in an article in the January 1988 issue of the *Survey of Current Affairs*.

The Middle East

The Twelve reaffirmed their willingness to develop political dialogue and economic co-operation with all states in the Middle East. However, they expressed profound concern about the continuation of the Iran-Iraq war and repeated their wholehearted support for Security Council Resolution 598 (see pp 253-4) as the means to bring the war to an end. Continued non-compliance with this mandatory Resolution was not acceptable to the world community and action should now be taken to enforce it by a follow-up Resolution. Reiterating their support for an international peace conference to resolve the Arab-Israeli conflict under the auspices of the United Nations (see pp 90-1), the Twelve welcomed the endorsement given to this idea by the recent Arab summit in Amman. Human rights and living conditions in the territories occupied by Israel still concerned Community members, which would continue to contribute to their economic and social development without prejudging future political solutions. The Council called for a peaceful solution to the Lebanese crisis based on that country's independence, unity, sovereignty, territorial integrity and national reconciliation, and reaffirmed the Twelve's support for the United Nations Interim Force in Lebanon (see pp 108-9, 1985). The continuing detention of hostages in Lebanon was condemned, and the Council called for their immediate release.

COMMON AGRICULTURAL POLICY

Addressing the German Association for Foreign Policy, Sir Geoffrey Howe said that the completion of a single European market by 1992 was the greatest challenge facing the Community (see pp 143-4, 1986). Britain wanted to abolish the distortions which still fragmented that market and release Community resources locked up in profitless endeavours. Community rules should enlarge personal liberties, expand economic opportunities and multiply choice for all of its 320 million individuals, and Community policies also had to bridge the gap between the different political and economic traditions of the 12 member states.

Nowhere was the problem of relations between the individual and the state in the European Community more acute than in agriculture. In Britain and the Federal Republic of Germany the farmer was the supreme example of individualism and private enterprise at work. But prosperity in the countryside could not depend solely on the production of food. If the volume of food produced went far beyond the Community's needs and what could be sold, as it had done, other forms of economic activity were needed to support the rural economy (for British measures, see p 415). Planning legislation, which was good in itself, all too often stifled such alternative activities needlessly. Farming was tied to the market, and cutting these ties could all too easily increase the farmer's dependence on a framework of political support that was doomed to disintegrate, and this would destroy farming.

Yet the whole thrust of agricultural policy around the world had been in this direction. In Japan, each farmer was subsidised by more than $2,000 a year; in the European Community by $3,000; and in the United States by $8,000. The results of insulating agriculture by such price subsidies within protected markets had been growing surpluses and soaring costs, which had forced low-cost producers in the rest of the world out of these markets so that they sold less and less of what they grew at ever lower prices. Surpluses had been dumped ruthlessly on the world's open agricultural markets, destroying the markets for Third World agricultural producers. The Community's Common Agricultural Policy (CAP) had been invented not just to achieve food security but to prevent competing national farm policies from destroying each other in Europe, whereas competition between farm policies was now virtually continental in scale and threatened to destroy the world agricultural market.

Because the disturbances of agricultural markets had such far-reaching effects, agricultural reform was now high on the international agenda in the General Agreement on Tariffs and Trade, in the Organisation for Economic Co-operation and Development, and at every economic summit. The Community too needed to look at its own reform agenda. It already spent half its total budget and two-thirds of its agricultural budget on storing and disposing of surplus food, and output was growing alongside stagnant or declining demand. The CAP had to operate in the light of the prevailing market realities, and the Community had many options at its disposal in reforming it, including altering the price mechanism, diversifying farm structures and the use of national income aids.

Another idea now under discussion was that of building stabilisers into each agricultural commodity regime. These were a built-in corrective mechanism to limit costs and discourage surplus production if the cost of production risked rising beyond what the Community could afford. Stabilisers were not a new idea and existed already in the form of milk quotas and guarantee thresholds, and they did not operate in an arbitrary or unstatutable way. Quotas had enabled Community milk producers to plan production, and stabilisers for other commodities, adapted to each production regime, could do the same. The farmer should not have to lurch unpredictably from price cuts one year to no price cuts the next, Sir Geoffrey said, but should know the framework in which he was operating. The European Commission should be monitoring market trends and adjusting support in the light of clear criteria and according to a coherent policy.

Sir Geoffrey concluded by looking towards the future of the European Community. He said the Community was already interlocking the peoples of Western Europe with a common law and shared democratic values. It had proved to be the motor of European economic and political regeneration, while the safety and integrity of Europe rested on a proven military alliance. The Western European Union (see pp 355-6) would permit the development of a more cohesive European defence identity, for the free market and a free European society rested on a common basis of shared security.

Background

Under the terms of the 1957 Treaty of Rome by which it was established, the European Community is committed to increasing agricultural productivity, ensuring a fair standard of living for farmers, stabilising the agricultural market, and guaranteeing regular supplies of food at a reasonable price. The CAP, which came into operation in 1967, is designed to support Community agricultural producers and consumers through

a system of common guaranteed price levels for almost all farm produce, which are adjusted annually.

The principal forms of price support are minimum intervention prices at which the Community purchases commodities from agricultural producers, levies on imports, subsidised sales to consumers, export refunds for sales on world markets, and direct aid to farmers. Expenditure on price and market support measures is channelled through the Guarantee Section of the European Agricultural Guidance and Guarantee Fund.

Higher productivity and a levelling-off of demand in the Community have caused the cost of agricultural intervention to rise steadily in both absolute and relative terms. The cost of the European Agricultural Guidance and Guarantee Fund to the Community has risen from £9,300 million in 1983 to £18,800 million in 1987. The cost of storage and disposal of surplus food in 1987 is estimated to be about £12,000 million. The Community's overall budget for 1987, as adopted in February 1987, is estimated at £26,656 million. Britain's contribution to the budget as a whole increased from £590 million in 1983 to £770 million in 1987.

Britain has consistently taken the view that the rate of growth of agricultural spending should be restrained within set guidelines to ensure that it remains lower than the rate of growth of the Community's own resources (see pp 330, 1983, 211, 1986). Since the agreement of the European Council at Stuttgart in 1983 'to ensure effective control of agricultural expenditure by making full use of available possibilities and examining all market organisations' (see p 227, 1983), the Community has been looking at ways to limit the increase in cost of the CAP. In 1984 it introduced a scheme to curb the growing milk surplus through supplementary levies on production in excess of the agreed quota (see pp 116-17, 1984, 99, 1985). Under Britain's presidency in December 1986, the Community agreed to reduce milk production by 9·5 per cent over the following 15 months, and beef prices by 13 per cent, to deal with large surpluses of both products (see p 14).

The Commonwealth and South Africa

Britain's support for the Commonwealth and the Government's belief that apartheid in South Africa can only be ended through peaceful change were outlined by Mrs Lynda Chalker, Minister of State at the Foreign and Commonwealth Office, in a debate in the House of Commons on 13 November.

THE COMMONWEALTH

Opening her speech (*Hansard*, Vol 122, No 43, cols 728-38), Mrs Chalker said that Britain fully supported the Commonwealth since it was a vital part of the coming together of views across the world. The objectives of Britain's Commonwealth membership were:

1 the maintenance and reinforcement of the continuing strong links at all levels between member states and their peoples;

2 the continued support for the Commonwealth as an organisation that could play a constructive and stabilising role in world affairs, notably in promoting democratic principles, international understanding and world peace;

3 the development of the Commonwealth as a unique challenge for encouraging co-operation and understanding between the industrialised and developing countries; and

4 the maximisation of the political and economic benefits of membership.

The Commonwealth was a deliberative organisation and not an executive body. Countries became members not because they agreed with everything that it said or did but to come together to try to find common solutions. 'The Government', emphasised Mrs Chalker, 'believe that the Commonwealth is an effective and practical organisation. We do not seek to direct or lead it, but we aim to play an active role in it and participate fully in its activities.'

Britain would continue to support the Commonwealth in practical and financial ways; it remained the largest single contributor to the budgets of the Commonwealth Secretariat and the Commonwealth Foundation and, with Canada, provided the greater part of the funding for the Commonwealth Fund for Technical Co-operation. In 1987 it had promised £7·5 million to the Fund in order to encourage others to follow its lead. Britain also financed the Commonwealth Institute which was a good example of the informal co-operation that went on at different levels within the Commonwealth. Moreover, 75 per cent of British expenditure on scholarships for overseas students went to students from Commonwealth countries. In addition about three-quarters of British bilateral aid – some £700 million in 1986 – was allocated to Commonwealth countries, supported by 30 per cent of British multilateral aid.

The Commonwealth, continued Mrs Chalker, was more than a set of multilateral institutions and occupied a unique position as it forged links between peoples, was a stabilising influence in a troubled world, linked the developing with the developed world and gave support for national policies. The Vancouver Heads of Government Meeting (see pp 348-55) had endorsed the British position on Afghanistan and Cambodia, and Commonwealth countries had welcomed progress in the Geneva talks on reducing intermediate range nuclear weapons, the essential next stage in reducing tensions between East and West (see p 228). Over the years Commonwealth countries had made decisions that helped each other, notably the support given to Britain over the independence of Zimbabwe (see pp 43-8, 1980).

At Vancouver, Mrs Chalker said, the areas of agreement were much more extensive than those of disagreement. On world trade, the Commonwealth had demonstrated its united opposition to protectionism and its commitment to an open multilateral trading system and to the reform of world agriculture policies. The Meeting had also endorsed Britain's initiative on the writing off of outstanding official debt for the poorest countries of sub-Saharan Africa (see pp 315-16). Decisions taken on distance learning were also significant and Britain with its wide experience of the Open University and the Open College (see p 335) had much to contribute to the detailed work that remained

to be done. Distance learning was 'an imaginative and valuable project' to help meet the educational needs of member countries.

SOUTH AFRICA

Mrs Chalker described apartheid as a 'repulsive and detestable system' that had to go as soon as possible. Although South Africa was not the only country in which there was racial discrimination, it was unique in institutionalising this practice 'at almost every level of society and government'. Despite reforms in recent years which Britain welcomed, the basic structures of apartheid remained intact and 'the whole international community ... rightly find that abhorrent'. Mrs Chalker added: 'We oppose apartheid root and branch, just as we oppose abuses of human rights wherever they occur. Apartheid must go and it must be replaced by a non-racial, representative system of government.'

At the Vancouver Meeting there had been broad areas of unanimity on a common approach. Everyone had agreed that apartheid had to be ended and replaced by a non-racial representative system of government, and that fundamental change in South Africa had to be brought about by peaceful means through negotiation between the South African Government and freely chosen leaders of the black community. Member states had also agreed on the need for outsiders to do what they could to help bring the parties in South Africa to the negotiating table and all had accepted that these parties, but principally the South African Government, should take steps to create a climate for dialogue in the context of a suspension of violence on all sides. Everyone accepted the vital importance of assistance to the victims of apartheid and of an increased Commonwealth aid programme for neighbouring countries in order to reduce their economic and transport dependence on South Africa. In all these areas Britain had taken a leading role for a positive change.

Sanctions

Emphasising that there had been no disagreement about the ends at Vancouver, Mrs Chalker said that there had been some over the means. Britain opposed punitive economic sanctions against South Africa, although other members, but not all, favoured them in principle. Britain had been scrupulous in implementing all the restrictive measures agreed by the Commonwealth, the European Community and the United Nations (see pp 256-60 and 321-3, 1986). Britain's measures had been designed to send a political signal to the South African Government and not to destroy the South African economy. The British Government sought to avoid black South Africans inheriting an economic desert, while at the same time bringing about an end to apartheid. Although there had been majority agreement at Vancouver to seek to tighten and extend the application of existing measures, not one member state had given any undertaking for further ones.

Britain respected the sincerity of others' views on sanctions and expected them to respect Britain's. 'It is a totally false equation to argue that to oppose apartheid means that one must support punitive economic sanctions and that opposition to sanctions amounts to support for apartheid. Sanctions are only one means by which some people believe that apartheid can peacefully be ended. It is far more complicated than that.' Moreover, Britain's views were shared by leading South African opponents of apartheid such as Mrs Helen Suzman, Mr Alan Paton and Chief Buthelezi.[1] The implementation by some countries of economic sanctions had been ineffective and attitudes in South Africa towards genuine negotiations had hardened, as shown by the results of the whites-only election in May.[2]

Punitive sanctions would also hurt those whom they were intended to help. Because of United States sanctions about 30,000 seasonal contract labourers in the deciduous fruit industry had not been called up in 1987. Other United States sanctions had affected 75 per cent of South Africa's lobster exports and 50 per cent of the industry's sales. This had cut back opportunities in the market and affected the geographically isolated black fishermen in the industry whose income levels had been severely cut and who had no alternative employment. Such sanctions were doing nothing for the economic future of South Africa. Punitive sanctions would lead to economic stagnation and such a condition would not be conducive to peaceful change. In contrast in modern economic conditions, development and the subsequent expansion of black influence would bring an inevitable erosion of apartheid.

Peaceful Change

Noting that the British Government had sought a vital and constructive alternative strategy that was best calculated to advance the cause of change, Mrs Chalker said: 'We must all accept, with the deepest of regret, that change will be a long haul. It will not happen tomorrow. South Africa is not on the brink of cataclysm. Violence will not work and I believe that the violent path will prove longer than the peaceful one. Peaceful change can come only when all parties in South Africa are working for it. For progress, both sides must see the need for negotiation in their own and the common interest. That is what we must achieve, but that point has not yet been reached. To that extent, it may not be too late for negotiation as some would say, but it may, sadly, be too early.'

Contacts with ANC

Mrs Chalker said that Britain condemned all acts of violence in South Africa and in southern Africa from whatever quarter they might come. There was no doubt that violence by the African National Congress (ANC) hardened white attitudes and delayed dialogue and peaceful settlement. Although people had come to think that they had no option other than violence, this would not bring closer the end of apartheid. Britain was also opposed to the use of violence by the South African Government inside South Africa and cross-border violence by the South African defence forces.

[1] Mrs Helen Suzman is a Progressive Federal Party member of the South African Parliament, Mr Alan Paton a well-known writer and Chief Buthelezi, chief minister of the KwaZulu 'homeland'.

[2] In the May 1987 white elections to the South African Parliament a quarter of the votes were given to the right-wing Conservative Party which displaced the Progressive Federal Party as the official opposition. The Conservative Party is a breakaway from the National Party which has ruled South Africa since 1948, and which received 52·3 per cent of the votes compared with 57 per cent in 1981. The share of the votes given to the Progressive Federal Party dropped from 19·4 per cent to 14·3 per cent.

One of the reasons for Britain's contacts at official level with the ANC was to persuade it that violence was not the right approach. Such meetings with the ANC occurred as and when necessary and every occasion was used to urge it to forswear violence. Britain recognised, however, that the ANC, while enjoying considerable support from many black people in South Africa, was by no means the sole representative of such opinion.

Pressure on South African Government

Mrs Chalker said that Britain would continue to put pressure on the South African Government for fundamental change and encourage the process of legislative reform. It would also scrupulously carry out the limited measures against South Africa previously agreed and maintain its support for the negotiating concept first suggested in 1986 by the Commonwealth Eminent Persons Group (see p 215, 1986). It would press for the release of Mr Nelson Mandela and other political prisoners and for an end to the ban on the ANC and other political parties in the context of the suspension of violence on all sides. It would also continue to make representations for detainees, particularly children, for whose detention there was no excuse.

British Aid

Concluding, Mrs Chalker drew attention to British assistance for black South Africans and to the region in general. Over the next five years some £12 million would be provided to cover 80 undergraduate scholarships each year for study in Britain and for training and other activities in South Africa. In the current year the number of non-white South African students sponsored by Britain was 280 and this would rise to 400 in the next year.[1] Under the 1987 European Community budget, £14·5 million had been allocated to aid black South Africans and Britain's share was £2·9 million.

Britain's programme of aid to South Africa's neighbours was substantial. Some £819 million had been contributed to member states of the Southern African Development Co-ordination Conference (SADCC – see pp 91-2) and some 1,300 people from the region were currently studying in Britain; in addition some £103 million was being given to the SADCC and its members over the period from 1986 to 1990 through the European Community. This showed how serious Britain was in attempting to bring about change in South Africa and the assistance was valued by the recipients. 'It does not, in itself, constitute a plank for ending apartheid, but it is an important plank in a broad platform of pressure, advocacy, aid and assistance. The aid to the front line states gives a strong message to the South African Government when they see the economic independence of their neighbours increasing all the time.'

Opposition View

Speaking for the official Opposition, Mr Donald Anderson said that the essentials of the apartheid system still continued and that the object of the South African Government was to preserve white power. Britain needed to do more to bring about change in South Africa and had a unique opportunity to demonstrate that its economic stake there did not place it on the side of the status quo. If sanctions were rejected, the British Government had to use other means of 'shock therapy' to tell the whites that they could not continue with their present policies.

[1]On 1 December the Government announced that it would provide an extra 20 training places a year in Britain for black South Africans and additional assistance was under consideration. The total commitment to training and assistance of all kinds to black South Africans is now more than £21 million over the next five years.

Gibraltar

At talks in London on 2 December Britain and Spain agreed to co-operate on the use of Gibraltar airport, to resume as soon as possible the ferry service between Gibraltar and Algeciras, and to end delays affecting land transport across the border between Gibraltar and Spain. Both countries also stated that they would approve a European Community directive on air transport.

Britain was represented by the Foreign and Commonwealth Secretary, Sir Geoffrey Howe, and the Transport Secretary, Mr Paul Channon. Spain was represented by its foreign minister, Señor Fernández Ordóñez, and its transport minister, Sr Abel Caballero. Also present in London was the Gibraltar Chief Minister, Sir Joshua Hassan, who was consulted by Sir Geoffrey before and after the talks.

In a statement issued after the talks Sir Geoffrey said that the agreements would make Gibraltar significantly more attractive to tourists, businessmen and airline operators and give a boost to the prosperity of Gibraltar and the Campo (the area adjacent to Gibraltar on the Spanish side). They would also clear the way to agreeing cheaper air fares for the 300 million inhabitants of European Community member states.

Sir Geoffrey emphasised that the agreements in no way impaired British sovereignty over Gibraltar. He had asked Sir Joshua Hassan to take them back to Gibraltar so that his government and people could have the opportunity to reflect carefully on them. He concluded: 'I hope that Gibraltarians will see the significant advantage of these agreements. Britain is, of course, not in the business of imposing them on Gibraltar. It is for the people of Gibraltar to make their democratic choice and to decide whether or not they wish to benefit from these agreements as well as from the air transport directive.'

In an interview with the BBC External Services on 3 December Sir Geoffrey said that if the Gibraltarians did not decide to make the changes necessary to bring the agreement over the airport into effect, Gibraltar would not be included within the scope of the European Community directive on air transport. If the agreement was accepted it would mean that Gibraltar could take part in the liberalisation of air transport under which many more airlines would be operating at cheaper fares, thereby enabling people to fly in and out of Gibraltar from other parts of Europe to the advantage and benefit of Gibraltarian tourism and airline operators.

The Agreements

A joint declaration on the airport issued by Britain and Spain on 2 December states that:

1 The aeronautical authorities of the two sides will hold regular discussions about all questions relating to the development of Gibraltar airport's civil use, including the establishment of new services to third countries.

2 Spain will give permission for Spanish airlines to operate services between Spanish airports and that of Gibraltar under European Community arrangements.

3 Spain will build a new terminal at La Línea de la Concepción adjacent to the northern side of the existing frontier fence. Passengers using it will have direct access to Gibraltar airport through a gate in the south side of the terminal.

4 The Spanish terminal will be used by passengers going to any point north of the frontier fence and by those proceeding from this area.

5 The British terminal will be used by all other passengers.

6 Where appropriate, passengers will be subject to customs and immigration controls in the respective terminals.

7 A committee consisting of equal numbers of appointees from both the British and Spanish Governments will co-ordinate both terminals' civil air transport activities and their relations with the airport's other services. This arrangement will be kept under review.

8 There will be close co-operation between the authorities responsible for security within the two terminals and elsewhere in the airport.

9 Continued discussions will take place between Britain and Spain about the further strengthening of air safety and traffic control arrangements in the area.

10 All these arrangements will come into operation on condition that the Gibraltar House of Assembly passes the necessary legislation to give effect to the provision regarding customs and immigration controls,[1] and when the British authorities give Spain notification that this has been done.

On the sovereignty issue the joint declaration says that 'the present arrangements and any activity or measure undertaken in applying them or as a consequence of them are understood to be without prejudice to the respective legal positions of Spain and the United Kingdom with regard to the dispute over sovereignty over the territory in which the airport is situated'.

In a separate declaration both countries agreed to resume the ferry service between Gibraltar and Algeciras as soon as possible and to take urgent steps to improve the flow of traffic by land, for example, by the introduction of red and green customs channels.

Background

Gibraltar is a British dependent territory with over 31,000 inhabitants. Under the 1969 constitution there is internal self-government with an elected House of Assembly consisting of 15 elected members (and a Speaker), from whom the Chief Minister and other ministers are appointed by the Governor.

The territory is the subject of a territorial claim by Spain which, in pursuit of this claim, closed the border with Gibraltar in 1969 and withdrew the ferry linking Gibraltar and Algeciras. Telephone and telegraph links were also severed. In 1969 Britain gave an assurance that it would 'never enter into arrangements under which the people of Gibraltar will pass under the sovereignty of another state against their freely and democratically expressed wishes'. This assurance was also enshrined in the 1969 constitution. In a referendum in 1967 only 44 voters favoured a change to Spanish sovereignty, 12,138 voting to retain the link with Britain.

Following the re-establishment of democracy in Spain in the late 1970s, Britain and Spain agreed in 1980 on the principle of reopening direct communications between Spain and Gibraltar, and to start negotiations aimed at overcoming all their differences over Gibraltar.

Discussions between the British and Spanish Governments continued for the next four years, culminating in the November 1984 Brussels Agreement to reopen the border and to co-operate in six areas, including aviation. Spanish restrictions on the land frontier were lifted in February 1985 (see p 36, 1985).

Although it is accepted by both sides that sovereignty can be discussed in the negotiating process established under the Brussels Agreement, Britain's commitment to honour the wishes of the people of Gibraltar was reiterated in the agreement.[1]

Gibraltar and the European Community

The Treaty of Rome governing the European Community states that 'the provisions of this Treaty shall apply to the European territories for whose external relations a member state is responsible'. Community legislation therefore applies to Gibraltar, although there are three important derogations covering the Common Agricultural Policy, the obligation to introduce a value added tax and to contribute to the Community's resources, and the customs territory of the Community. All other rules of the Community apply to Gibraltar as part of the area to which the Community treaties apply.

The Community's measures to liberalise air transport are aimed at producing a greater measure of competition between airlines operating within the Community. This would mean cheaper air fares and better services for travellers and would represent an important step in the completion of the Community's internal market (see p 13).

Since February 1985 Britain and Spain have engaged in talks at official and ministerial level aimed at promoting the wider use of Gibraltar airport on a mutually beneficial basis. In June 1987 Spain decided that it could not agree to the adoption of the Community measure on air transport, arguing that the inclusion of Gibraltar would affect its position over sovereignty. The British Government expressed its willingness to suspend the application of all or part of the measures to Gibraltar for a limited period of time while bilateral discussions on practical arrangements for flights between Gibraltar and Spanish destinations

[1]This legislation is necessary to allow passengers who would use the Spanish terminal to be exempt from Gibraltar's customs and immigration controls.

[1]For further information, see COI reference paper *Gibraltar*, No 176/87.

continued. Britain was not prepared to agree that the eventual implementation of the package in Gibraltar should be conditional upon the outcome of bilateral negotiations, since Spain insisted that agreement in the negotiations required British concessions on sovereignty.

Falkland Islands

Britain reaffirmed its determination to honour the wishes of the Falkland Islanders and its desire for improved relations with Argentina in a debate in the United Nations General Assembly on 16 November.

The draft resolution under discussion reiterated the General Assembly's request to both Governments 'to initiate negotiations with a view to finding the means to resolve peacefully and definitively the problems pending between both countries, including all aspects on the future of the Falkland Islands . . . in accordance with the Charter of the United Nations'. The draft resolution was adopted by 114 votes to 5 (including Britain); there were 36 abstentions.

British View

Commenting on the draft resolution, the British Permanent Representative, Sir Crispin Tickell, said that in calling for negotiations on all aspects on the future of the Islands, it constituted a thinly disguised demand for negotiations on sovereignty, negotiations which the Argentine Government had made clear could have only one outcome – annexation of the Islands by Argentina. This was one outcome which would be quite unacceptable to the people of the Falkland Islands who were a distinct and homogeneous community whose wishes could not be brushed aside. 'This Assembly must recognise – as must Argentina – what the Islanders have repeatedly made known through their elected representatives: that they have no desire to become part of Argentina, that they wish instead to remain British with their own arrangements for local self-government.' Britain was committed to upholding their choice and was also obliged to do so by the Charter and the United Nations Covenant on Civil and Political Rights. All delegations had to recognise that a vote in favour of the draft resolution was a vote against the principle of self-determination.

Sir Crispin said that Britain and Argentina had to put aside questions of sovereignty over the Islands and work to improve their bilateral relationship. To Britain's disappointment, however, the Argentine Government had failed to respond positively to various initiatives Britain had made since 1982 to restore more normal relations (see pp 383-5, 1986). It continued to discriminate against British commercial and financial interests, it had ignored a British proposal for a resumption of air services, and talks in Berne in 1984 had foundered because Argentina had not respected an understanding reached beforehand on how to deal with the sovereignty issue (see pp 293-4, 1984). The Argentine Government's reluctance to contemplate a multilateral solution to the fisheries problem in the South Atlantic and its bilateral fisheries agreements with the Soviet Union and Bulgaria had led to the British decision to introduce an interim fisheries regime (see pp 351-2, 1986).

Not all the signs were discouraging, continued Sir Crispin. When the British Government announced the introduction of the fisheries regime, it had invited the Argentine Government to review with it possible ways of co-operating on fisheries conservation in the area. This invitation had not been ignored and since the 1986 General Assembly both Governments had exchanged ideas, via the United States Government, on fisheries conservation and ways of avoiding incidents. Britain was encouraged by this response and wanted to build on these exchanges in coming months.

Dealing with the Argentine claim to sovereignty over the Islands, Sir Crispin pointed out that since 1833 they had been under open, continuous, effective and peaceful possession, occupation and administration by Britain with the exception of ten weeks under forcible Argentine occupation in 1982.

Argentine View

The Argentine Foreign Minister, Señor Dante Caputo, said that recent General Assembly resolutions did not go beyond requesting Argentina and Britain to start negotiations and did not prejudge the outcome of these negotiations. Argentina would relentlessly continue to try to persuade Britain of the need to give up territories belonging to Argentina and to this end would use the means for a peaceful settlement contained in the United Nations Charter.

Afghanistan

Britain has called for the withdrawal of Soviet forces from Afghanistan and the formation of a government supported by all Afghan people, in a debate at the United Nations General Assembly in November.

The United Nations has debated the situation in Afghanistan nine times since the country's invasion by the Soviet Union in 1979 (see pp 15-18, 1980, and pp 18-21). On 10 November, at the end of the latest debate, the General Assembly adopted a resolution that called for the immediate withdrawal of foreign troops from Afghanistan (as had all previous resolutions) and asked the parties concerned to work for urgent achievement of a political solution to the problem. The resolution received 123 votes in favour with 19 against and 12 abstentions.

British Views

Speaking at that debate on 10 November, Lord Glenarthur, Minister of State at the Foreign and Commonwealth Office, pointed out that the Soviet Union's invasion of a small, non-aligned and independent Afghanistan remained one of the most flagrant breaches of the UN Charter since the organisation's foundation. Although in the last year the Soviet Union had professed a wish to find an end to the war and

to withdraw its troops,[1] it was reasonable to ask 'for concrete evidence of any action . . . taken to follow up these welcome words', he said. Nothing of real substance had happened, with innocent Afghans remaining victims of a brutal military occupation, the internal situation continuing to deteriorate, and fighting raging as fiercely as ever. Major offensives had taken place in 1987, with the Soviet forces playing an important part in operations along the border with Pakistan.

The outward flow of Afghan refugees across the country's borders went on unabated, Lord Glenarthur said, with the same degree of immense tragedy and suffering. One-quarter to one-third of the Afghan population had fled (about 5 million) while a further million were displaced inside the country. These people wanted to go home, but the reasons for their flight still remained and one should not fail to applaud and to support the Afghan people's resistance to the Soviet occupation and to the regime which that occupation maintained.

It was perhaps the failure of eight years of relentless military offensives to impose the puppet regime in Kabul on the Afghan people that had led to the Soviet Union pressing Kabul to announce a series of 'peace initiatives' encompassing a unilateral ceasefire, a so-called 'national reconciliation', a general amnesty, and some guarantees for religious observance, private ownership and the protection of cultural heritage. These were followed by an offer of a coalition government, a law on political parties, and a draft constitution. Although these proposals looked good on paper, the Afghan people understood them as 'an attempt by the Kabul regime to impose by political means that which they [had] failed to win militarily', in effect an invitation to capitulate.

The regime's strategy of widening the base of its domestic and international support was transparent enough, he said, but it was bound to fail because it could not give up its grip on power. The terms of its offer of 'national reconciliation' were clearly those dictated by the Soviet Union; it was difficult to take seriously an offer of coalition requiring that the president, prime minister, and ministers of the interior, defence, foreign affairs and security should be reserved for the regime, while the law on political parties would do nothing to restore genuine democracy since new parties would have to accept the regime's so-called 'national reconciliation' and accept communist principles and laws. The draft constitution, too, was modelled closely on that of the Soviet Union and on the 'basic principles' announced by the regime in 1980.

The key to restoring peace in Afghanistan, Lord Glenarthur explained, lay in the readiness of the Soviet Union and the Kabul regime to consider a government that was not dominated by the ruling communist People's Democratic Party of Afghanistan. The cynically contrived elevation of the regime's leader to President in 1986 and his statement that his party should not lose its leading role in government had put paid to that prospect. The fact that nothing had changed was seen in the regime's attitude to the withdrawal of Soviet troops, any hope of progress on this question at the Geneva peace talks being blocked by Kabul. It was difficult, he said, to escape the conclusion that the regime's aim was merely to procrastinate and to preserve its hold on power, protected by 110,000 Soviet troops and the arsenal of a superpower.

Regarding the Soviet leaders' claim that they wished to find a speedy solution to the Afghanistan problem, Lord Glenarthur said that the British Government recognised their difficulties and knew that they were concerned about the stability and the security of their borders. The current impasse, however, could only be overcome if they showed a real – and imaginative – flexibility. 'The most obvious signal of intent', he pointed out, 'would be Soviet agreement to a short timetable for the complete withdrawal of their forces. And we hope that the Soviet Union will put their weight behind efforts to achieve genuine reconciliation in Afghanistan, including arrangements leading to an act of self-determination, perhaps on traditional lines, enabling the Afghan people to determine their own future.'

Paying tribute also to the role of the government and people of Pakistan in providing assistance to the refugees in the face of increasing border violations and terrorist attacks, Lord Glenarthur said that their help could, however, be no more than a temporary palliative. What was fundamental would be the withdrawal of Soviet forces which would, as the recent UN Secretary-General's [1987] report had concluded, open the way for the formation of a government where the voice of all Afghans would be heard. There had to be genuine reconciliation between Afghans but the Kabul proposals allowed neither this nor genuine self-determination. Furthermore, it was self-evident that the Afghan resistance had to be involved in a comprehensive settlement. The British Government, therefore, would continue to support the efforts of the UN Secretary-General to find a realistic settlement in accordance with the principles of successive General Assembly resolutions.

Background

Since 1982 negotiations between Pakistan and Afghanistan to end the war have been going on in Geneva under the auspices of the United Nations. These have been rounds of 'indirect' or 'proximity' talks (that is, not face to face) because Pakistan does not recognise the Afghan regime. Three years of substantial progress resulted in 1985 in a four-point plan involving a bilateral agreement on non-interference and non-intervention; declarations on international guarantees; a bilateral agreement on the voluntary return of refugees; and arrangements covering the question of the withdrawal of foreign troops. In January 1987 the Afghan regime offered a unilateral six-month ceasefire, a coalition government of national reconciliation and unity with the Afghan resistance and a general amnesty. However, this offer did not address the question of the presence of Soviet troops in Afghanistan. In the negotiations during 1987, the main obstacle has been the timetable of withdrawal of Soviet forces. In his annual report to the UN General Assembly in September, the UN Secretary-General, Sr Perez de Cuellar, wrote that substantial, though not sufficiently sustained, progress had been made at the Geneva talks. He concluded that the question of the timeframe for a Soviet withdrawal had

[1] On 30 November, the leader of the Kabul regime, Dr Mohammed Najib, announced that he would formally propose at the UN-sponsored Geneva talks a timetable for the withdrawal of the Soviet troops from Afghanistan within a year.

enormous political implications for both sides, and that 'innovative diplomatic approaches' needed to be used.

In a declaration on Afghanistan, issued after the European Council meeting in Copenhagen on 4-5 December (see pp 398-400), European Community heads of government said that there had to be an urgent new impetus in the peace negotiations. They called on the Soviet Union to withdraw all its troops by a date in 1988 according to a fixed timetable; to agree to the establishment of a transitional, independent government that would make preparations for a new constitution; and to recognise that the participation of the Afghan resistance was essential to a comprehensive political settlement.

Multilateral Investment Guarantee Agency

A Bill enabling Britain to ratify the convention establishing the Multilateral Investment Guarantee Agency (MIGA) received an unopposed second reading in the House of Commons on 24 November.

Introducing the Bill (*Hansard,* Vol 123, No 50, cols 155-9), the Minister for Overseas Development, Mr Chris Patten, said that MIGA was an international organisation associated with the World Bank and intended to promote foreign direct investment in developing countries, primarily by offering would-be investors insurance against non-commercial risks (see pp 145-6, 1986). Foreign direct investment was an attractive source of capital for developing countries, for it could assist the process of industrialisation and help to increase employment, introduce new skills, and transfer technology. Unlike the interest paid on an ordinary loan the investment return was related to the commercial success or otherwise of the enterprise. However, such investment had been inhibited by investors' concern about non-commercial or political risks, and MIGA had been created to counteract this.

Sixty-two countries, including 50 developing countries, had signed the convention establishing the Agency since it was opened for signature in October 1985 and 20 countries had ratified it, 15 of these from the developing world. In order for the convention to enter into force, it had to be ratified by five developed and 15 developing countries, representing at least one-third of the allocated shareholding set out in the convention. Britain, the second largest investor in the developing world with private investments totalling £6,727 million between 1982 and 1986, had already played a full role in the preparatory stages of MIGA, and the Government wished it to be among the founder members.

The Agency's main activity would be to offer insurance against non-commercial risks to foreign investors from the developing as well as the developed world. Four categories of risk would be covered: first, the risk of loss as a result of host government restrictions on currency conversion and transfer; secondly, the possibility of expropriation of assets by host governments; thirdly, repudiation risk, where the investor suffered a loss through breach of contract by the host government, in cases where the investor had no recourse to a judicial or arbitral forum or where the decision of such a forum was unreasonably delayed or could not be enforced; and finally, loss as a result of military action or civil disturbance.

But the Agency would be more than just an insurance agent, and would also carry out a number of promotional activities designed to increase the flow of private investment to developing countries. It would disseminate information on investment opportunities, carry out research on investment issues, provide technical assistance and advice as required by member countries, and serve as a forum for members to discuss investment policy. All of the Agency's activities were intended to be mutually self-supporting. Eligible investments would have to be new and economically sound, and the enterprises concerned run on commercial lines, preferably in the private sector. Investments might comprise equity interests, loans made by investors with an existing equity interest, or other forms of direct investment to be determined by MIGA's board. Only investors from a member country would be able to obtain insurance. The Agency would be self-sufficient financially, with administrative expenses and insurance claims paid from premium income and other revenues, such as returns on invested funds. The initial financial contributions would come from members' share subscriptions, and Britain's initial subscription was likely to be just over $52·5 million.

Mr Patten emphasised that MIGA was directed by its convention to co-operate with related international development organisations. It would complement existing national and regional investment insurance programmes and agencies. The Government envisaged close co-operation between MIGA and Britain's Export Credits Guarantee Department (see p 395, 1986). The Agency was a welcome new addition to the list of financial institutions designed to promote development in developing countries, and its arrival was timely. New commercial bank lending to developing countries had declined sharply in recent years. The Agency was designed to promote the flow of capital and technology for productive purposes to the private sector in recipient countries and therefore conformed to the Government's view that private flows to developing countries should be mainly in the form of project or equity investment rather than bank lending for general balance of payments support, and that more should be done to help the private sector in the developing world.

Food and Agriculture Organisation

The problems facing food supply in the Third World and Britain's support for proposals to reform the United Nations' Food and Agriculture Organisation were outlined in a speech by the Minister for Overseas Development, Mr Christopher Patten, in November.

Causes of Starvation

Speaking to the General Conference of the Food and Agriculture Organisation (FAO) in Rome on 11 November,[1] Mr Patten pointed out that for more than 40 years the FAO and other donor institutions had worked hard with member governments to bring about a greater command for individual men and women over their environment. However, despite the achievements that had been made – such as the spread of irrigated farming, the development of new high-yielding strains of wheat, the upgrading of livestock, and the improved exploitation of fish and forests – the harsh truth was that millions were still near to starvation in every region of the world, especially in Africa.

There were three main reasons for this, Mr Patten suggested. The first was the uncertainties of the world's climate: in parts of Africa rainfall had declined over the last 25 years, but even where rainfall favoured agriculture, topography often imposed poorer, acid soils. A growing population was forced to cultivate these soils continuously even though this could not be done. More and more people were also moving into semi-arid areas, and sustainable farming systems for their improvement had still to be found. Since the physical factors could not be changed, there was a need for a better understanding of social, economic and physical forces if development was to be sustained, and this had to be matched by practical technological advances if countries dependent on rain-fed agriculture were to meet the challenge of maintaining social stability into the next century.

A second reason, Mr Patten said, concerned external constraints which were imposed all too often by the policies of the industrial nations and the more advanced developing countries. Agricultural protectionism deliberately robbed more efficient producers, often in poorer countries, of their comparative advantage and their chance to earn a living. Subsidies not only overloaded developed countries' budgets and created food mountains, but also robbed those poorer producers of their export markets in other countries. In addition, food aid all too often meant 'dumping surpluses under the cloak of charity; inducing dependence on imports which the recipient [could] not then afford to buy; and undermining markets for voiceless peasant farmers in the growing towns and cities of their own country'. That was why it was essential that the General Agreement on Tariffs and Trade (GATT) Uruguay Round on agriculture be successful (see p 328, 1986), why it was one of Britain's chief aims to solve the European Community budget problem (see p 399), and why it also had already worked successfully to achieve major reforms in the Community's own food aid (see pp 219-20, 1986). 'Unless we live up to our own responsibilities we have small right to prescribe to others,' he warned.

The third reason for starvation lay within developing countries' own control, namely their policies, resource choices and institutions. In Mr Patten's view, developing countries needed an economic climate in which it was worthwhile for small farmers to invest more effort and take greater risks; a realistic exchange rate; the offer of prices which would reflect export receipts or import costs; incentives for both production and conservation; and freedom from bureaucratic and inefficient restrictions on marketing. In addition, available resources had to be steered away from inefficient state business and unproductive sectors towards supporting agriculture and those basic social services that would encourage change and create human capital in the countryside. There was also a need for institutions such as agricultural research and farm support services that would give people an effective voice in their own development and pay much closer attention to management and efficiency.

International Responses

There were encouraging signs that these lessons were spreading, especially in Africa, Mr Patten noted. Structural change was painful and for many it would be a long haul, but it had to succeed if there was to be any longer-term hope. The international community had to face up to this challenge, especially the donor nations and institutions. Britain had provided about £550 million of aid to Africa in 1986, either directly or through multilateral channels (see pp 154-5), while in 1987 more than £20 million was to be spent on research to provide better crops and agricultural practices. A large technical co-operation programme in agriculture was also being continued.

Organisational Reform

The FAO was in a unique position to confront these issues, Mr Patten said. While it supplied less than 2 per cent of the world's aid to agriculture and food production, most of it took the form of brain power, which ought to have had a far wider impact. The organisation had some advantages and these should be reflected in its choice of priorities. The world's information and early warning system, for instance, had been improved and had alerted FAO member countries to the risk of a new famine in Ethiopia. Other priorities should include global and continental predictions on land capacity, regional pest control and water management, and land tenure.

In addition, the Minister emphasised, the FAO had to face up to two other vital tasks. It had to co-operate enthusiastically with other international agencies and donors, without encroaching into activities which they, or the private sector, could do much better. For example, it was now co-ordinating in the right way the implementation of a plan concerning tropical forestry, but not all of its work was as excellent as this. Secondly, the FAO had to play a more effective part in helping to determine the new agricultural priorities of countries facing adjustment within a single reform strategy supported by all donors. This meant bringing major policy advice right down to individual countries, and it was this country focus which was lacking.

It was also time to re-examine whether FAO could be better organised to achieve its aims in the most effective and efficient way, the Minister explained. This question had been raised at the last Conference but, disappointingly, FAO management had failed to respond to it. Britain strongly supported proposals for a high-level independent study, together with a professional management review, which would lead to a much stronger country focus and to a clearer identification of priorities in the budget and the programme of work. Britain also wanted evidence that

[1]The FAO is a specialised agency of the United Nations, and aims to increase efficiency in the production and distribution of all food and agricultural products, to improve the conditions of rural populations and to raise nutrition levels in developing countries. A General Conference of the FAO takes place every two years.

the FAO was giving value for money, and that management and its manpower structure and procedures were to be overhauled to improve the services provided, raise staff morale, and make financial efficiency transparent.

Although the late payment of subscriptions, which was causing the FAO financial problems, had to be made good, it was also true that the subscriptions demanded from many countries, especially the poorer members, were a growing burden. The case for so large an increase in its budget (£510 million against £427 million for the last two years) was far from convincing, when so many members had to cut back their expenditure at home. The FAO had to follow the example of other international agencies which were making much more determined attempts to live within their means.

Looking to the future, Mr Patten concluded that the world needed an FAO which was increasingly respected, not only for its professionalism and for the depth of its analysis, but also 'for guiding its members, with clear advice and energetic support, through the difficult maze of policy choice and social and institutional change'. The FAO had to set an example 'by its impact on the ground, by the leanness and strength of its management, and by the enthusiasm of its co-operation with others'. It also had to combine 'the ability to keep track of global trends, the capacity to lead the fight against famine and pest, and the inspiration to find detailed solutions to farmers' problems'.

BRITISH AGRICULTURAL AID

Britain contributed £7·3 million to the FAO in 1986 to help agricultural development. In addition, Britain gave £3·5 million to the International Fund for Agricultural Development (a UN agency established in 1977 to provide grants and loans to increase food production in the Third World – see p 354, 1986), and £6 million for agricultural research undertaken by the International Institute for Tropical Agriculture and other bodies. Agriculture also benefited from Britain's contributions to other international agencies, such as the UN Development Programme (£20 million in 1986), the World Bank Group (£190 million) and the European Development Fund (£79 million).

Bilateral aid for projects directly related to agriculture (mainly agriculture and livestock, forestry, fishing, and land development and irrigation) totalled nearly £290 million between 1982 and 1986, rising from £40 million a year to £69 million a year over that period. Agriculture has also been assisted by aid to other sectors – power, transport, and agricultural processing, for instance – designed to develop rural infrastructure and improve access to markets. Training and specialised skills in this field are provided through Britain's technical co-operation programme. In 1986 nearly 500 agricultural experts (including volunteers) were working overseas, while 13 per cent of training programmes (771 person-years) was agriculturally based. Specialist advice and assistance are also provided by the Overseas Development Natural Resources Institute (formed in September 1987 by a merger of the Tropical Development and Research Institute and the Land Resources Development Centre).

Britain also, where appropriate, provides food aid, some £59 million being spent on this through the European Community in 1986, with another £7·5 million being provided bilaterally. Food supplies also formed part of Britain's emergency relief in 1986.

Some Examples

In Kenya Britain is supporting research into farming methods and forestry and livestock to conserve and develop the semi-arid lands of the Embu, Meru and Isiolo districts, while the main element of British aid to Zimbabwe in recent years has been for rural development and land settlement, including grants, totalling £11·2 million in 1986, to finance new rural development projects and tractor maintenance. Current infrastructure and agricultural projects in Mozambique include rehabilitation of the Emposa prawn fishing fleet and the Angoche jetty, road maintenance, and cotton spraying. In Sudan two new projects have been started to rehabilitate irrigation schemes along the Nile north of Khartoum and boreholes in western Sudan.

In Bangladesh, where £2·6 million was provided for rehabilitation of tea plantations in 1986, a project identification mission to consider future support for agriculture, livestock and fisheries visited the country early in 1987. In India the Indo-British Fertiliser Education Project, aimed to help 200,000 small and marginal farmers in eastern India to increase food production, entered its £23·4 million second five-year phase in 1986. Britain is contributing £27 million to the Left Bank Drain Project in Pakistan which will improve drainage in a vast area of Sind Province affected by waterlogging and salinity. Included in this project is an innovative programme of 'scavenger' wells which will extract saline and fresh water simultaneously but separately and so provide more water for irrigation. In Nepal Britain is providing £9 million over the next five years for projects aimed at alleviating poverty and developing the rural economy in the Kosi Hills region in the east of the country.

ECONOMIC AND SCIENTIFIC AFFAIRS

The World Economy and Britain

Concerted international action is needed to rectify the current imbalances in the world economy, according to the Chancellor of the Exchequer, Mr Nigel Lawson. Domestically, the strengthening of the economy means that Britain is well able to cope with these difficulties.

The World Economy

Speaking in London on 24 November in the aftermath of the collapse in world stock markets (see pp 368-9), the Chancellor set out the measures that he felt needed to be taken to keep the world economy on a course that avoided the danger either of recession or of renewed inflation.

The collapse had been largely the inevitable correction of an unprecedented sustained rise in stock markets that had overreached itself. Nevertheless, although prices in both the London and New York markets had fallen by around 30 per cent from their summer peaks, they were still no lower than a year previously. The loss of confidence in financial markets was bound to have some adverse effect on economic activity. The magnitude would depend on the way in which governments of the major industrialised nations tackled the imbalances in the world economy.

The origins of these imbalances had been associated with the dramatic growth in the early 1980s in the United States budget deficit. This had been largely financed by huge inflows of overseas capital so that the United States moved from the position of an international creditor to that of a major international debtor. These inflows raised the external value of the dollar to heights totally unconnected with economic fundamentals, leading, in turn, to protectionist demands as United States exports became less competitive. The September 1985 meeting of finance ministers of the leading industrialised countries (see pp 317-18, 1985) was aimed at dealing with the protectionist threat and encouraging a fall in the value of the dollar. At a similar meeting in Paris in February (see pp 95-6) it was agreed to continue with the same strategy. Countries with a surplus on the current account of their balance of payments were encouraged to reduce global imbalances by stimulating economic activity. It was also decided to foster a period of stability in exchange rates.

Mr Lawson saw the collapse in stock markets as partly a reflection of fears of a breakdown of the common strategy designed to reduce the imbalances. The strategy had to be reinforced in three ways.

First, following the collapse, a renewed attack by the United States on its budget deficit was necessary. The Chancellor welcomed the agreement that had so far been reached and looked forward to Congress completing the details of the package and approving it as soon as possible.[1]

Secondly, the two major surplus countries – Japan and, especially, the Federal Republic of Germany – had to commit themselves to further expansion. Also, Japan had to make its markets more open to imports.

Thirdly, there needed to be agreement on concerted action to ensure a further period of exchange rate stability – one which took into account the sharp fall in the value of the dollar.[2] A further steep fall would lead, in the United States, to the threat of an upsurge in inflation and, eventually, to a rise in interest rates; in the rest of the world it would pose the threat of a further slowing in the rate of economic activity.

Mr Lawson emphasised the need for appropriate interest rate differentials in restoring stability. In the United States, rates would need to be at a level that could both support the dollar and finance the budget deficit so long as it persisted. Similarly, surplus countries, particularly the Federal Republic of Germany, would need to give greater consideration to differentials.[3]

All this was indicative of the fact that international co-operation was the only certain way of keeping the world economy on an even keel. The problems of the world economy – especially the persistence of current account imbalances – were unlikely to be solved if domestic indicators of monetary policy were given priority over external indicators.

The Chancellor conceded that the correction of current account imbalances would take time. Moreover, there was no need for them to disappear completely; if every country had a zero balance there would be no international capital flows, which would be undesirable.

The newly industrialised countries would also need to play their part in the adjustment process. In particular, Taiwan and Korea, which expected access to markets for their exports, restricted imports from developed countries.

The British Economy

Britain was in a strong position to withstand the present difficulties. The economy was 'in robust health', with strong public finances, business confi-

[1] A package involving $76,000 million over two years in expenditure cuts, tax increases and asset sales has been presented to Congress for approval.

[2] In the 12 months to November the value of the dollar relative to the pound fell by some 20 per cent.

[3] In early December interest rates were cut in a number of Western European countries including Britain, France and the Federal Republic of Germany.

dence at a high level and investment intentions unimpaired by the fall in stock markets.

Public borrowing had been reduced to such an extent that, even without privatisation proceeds, it would have amounted to only 1·5 per cent of gross domestic product. With these proceeds, the figure was only 0·25 per cent. Containment of borrowing, together with a readiness to keep interest rates at whatever level was necessary to curb inflation and an adherence to supply-side policies to improve the working of markets, had led to over six years of steady growth, a low rate of inflation and the creation of over 1·25 million jobs since 1983 – more than in the rest of Europe put together. Unemployment had fallen dramatically since the middle of 1986 (see pp 378-80); productivity in manufacturing was rising sharply; industrial relations had improved out of all recognition; business profitability had increased; and manufacturers were maintaining their share of expanding world trade.

Looking ahead, Mr Lawson saw every reason for a continuation of steady growth, low inflation and falling unemployment. Britain had coped with the collapse in the oil price in 1986 (see p 193, 1986) and the rise and fall in the value of the dollar over the last four years; he was confident that the country could weather the present international difficulties.

Trends in Public Expenditure

Public expenditure has risen substantially since 1950 both in real terms and in relation to gross domestic product. However, whether or not the proceeds from privatisation are taken into account, it is now lower as a percentage of gross domestic product than in the mid-1970s.

An analysis of trends in public expenditure since 1890 is given in the October issue of *Economic Trends*.[1]

Measures of Public Expenditure and Gross Domestic Product

There are a number of measures of public expenditure. One of the most useful is general government expenditure, that is current and capital spending of central and local government including interest and transfer payments – such as subsidies and grants – plus net lending. This is a broad indicator of the amount that the Government has to raise by taxation and borrowing.

General government expenditure differs in several ways from the public expenditure planning total, the measure used in the annual public expenditure review. The main differences are that general government expenditure includes – unlike the public expenditure planning total – gross debt interest and the market borrowing of public corporations.

The article concentrates on general government expenditure. It is the measure used in the Government's medium-term financial strategy (see p 113, 1980) and in government publications. As it includes transfer payments, which transfer spending power to the private sector, it does not show the Government's direct contribution to the expenditure measure of gross domestic product (GDP – see below); that is given by general government expenditure on goods and services.

GDP may be measured in terms of expenditure, income or output. All three measures should, in theory, be the same but in practice there are variations. The average of the three, GDP(A), is the preferred measure for assessing medium- and long-term changes. GDP may be measured at market prices or at factor cost. Market prices are the prices paid by purchasers; factor cost is market prices less expenditure taxes plus subsidies. The current government practice is to use GDP(A) at market prices.

Expenditure since 1950

General government expenditure has risen substantially in real terms since 1950 (see table). It reached a peak in 1968 and another peak – at a much higher level – in the mid-1970s. After the earlier peak, measures were taken to bring about a reduction; accordingly, expenditure fell in real terms but soon started to rise towards the later peak. Following negotiations with the International Monetary Fund in 1976, public expenditure plans for 1977-78 were reduced (see pp 325-8, 1976). Cash limits on expenditure were also introduced in 1976 (see p 269, 1975).

Since the reduction in the late 1970s, general government expenditure in real terms has continued to rise but more slowly than previously. The main increases have been on employment measures, defence, social security, law and order and the National Health Service. There have been substantial reductions in other areas such as public sector housing and subsidies to the trade, industry and energy programmes. These are a reflection of government policies for sales of publicly owned houses and for an increased share of housing needs to be provided by the private sector and also for support to industry to be reduced as profitability rises.

During the 1950s the annual rate of increase in real general government expenditure was some 2·75 per cent. This rose to 4·5 per cent in the 1960s but fell

General Government Expenditure in Real Terms and in Relation to GDP

	General government expenditure	
	At 1986 prices (£000 million)	As a percentage of GDP
1950	54·8	33·8
1955	61·4	33·0
1960	72·1	34·1
1965	90·3	36·6
1970	111·4	40·1
1975	148·6	48·8
1980	150·2	45·1
1981	151·4	46·0
1982	154·8	46·4
1983	158·5	45·9
1984	161·1	45·5
1985	163·2	44·5
1986	162·2	42·8

[1] *Economic Trends*. October 1987. Central Statistical Office. HMSO, £9·25. ISBN 0 11 620272 6.

back to 3 per cent in the 1970s and to around 1·25 per cent since 1980. Since 1982-83 the average annual rate of growth has been about 1·25 per cent. Excluding privatisation proceeds, which count as negative government expenditure, the rate has been some 1·75 per cent – lower than that in the 1950s, 1960s and 1970s.

Expenditure in Relation to GDP

Changes over time in general government expenditure as a proportion of GDP show growth in government spending compared with growth in the economy. The long-term trend shows that many of the peaks coincide with times of war. In recent years a peak of 48·8 per cent was reached in 1975; by 1986 this had fallen to 42·8 per cent. Receipts from the privatisation programme have been rising recently and now amount to around £5,000 million annually. However, even after allowing for them, the 1986 figure would still have been lower than in the mid-1970s.

Training for the Unemployed

The Government has announced initial details of a new unified training programme for the long-term unemployed.

Details of the programme were given by the Secretary of State for Employment, Mr Norman Fowler, in the House of Commons on 18 November (*Hansard*, Vol 122, No 46, cols 1073-88). Mr Fowler said that unemployment had fallen for 16 months in succession, by nearly 500,000 [to some 2·7 million, representing 9·8 per cent of the workforce on a seasonally adjusted basis excluding school-leavers]. In the last 12 months long-term unemployment had shown a record fall,[1] while the latest figures for school-leaver unemployment (which in September 1987 had been the lowest for 13 years) indicated that the Government was 'well on the way to eliminating the problem of school-leaver unemployment.'

He believed that it was the right time to review the Government's programmes for unemployed people, in order to ensure that there were suitable programmes to meet the demands of an improving labour market. The priority had to be to provide training for the long-term unemployed, and the emphasis should be switched from providing temporary jobs as an alternative to unemployment towards providing training to help unemployed people to return to permanent jobs. A unified programme for young people – the Youth Training Scheme (see pp 127-8 and 239-40, 1985, p 232, 1986 and p 62) – already existed and he had decided to create a single new programme to bring together all existing programmes for unemployed people over 18 – primarily covering the Community Programme (see p 238), the Job Training Scheme (see pp 62 and 238) and the Wider Opportunities Training Programme (providing training for unemployed people in basic work-related skills).

[1]In the year to October 1987 the number of people unemployed for over 12 months fell by 169,000 to 1,172,000, the lowest level for nearly four years.

This would involve a substantial reform of the Community Programme (which provided up to a year's employment for long-term unemployed people on projects of benefit to local communities) including a major enhancement of the training content. The programme had failed to attract unemployed people with dependants and with higher benefit entitlement, and had become 'overwhelmingly a part-time programme with very little opportunity for training'. The new programme would offer up to a year's training for anyone unemployed for over six months, with entry through Restart interviews (see p 62) and jobcentres. Training agents would assess a person's needs, and training providers would arrange a suitable programme. The programme would provide training and practical experience with employers and on projects, with the emphasis on 'practical learning to help people get back into employment'. Training would range from basic working skills (including numeracy and literacy) to training at craft and technician level. Trainees would be paid a training allowance above their previous benefit entitlement.

Mr Fowler said that the annual budget for the new programme would be just under £1,500 million, equivalent to the provision for the schemes to be replaced. When the new programme was fully operational, it would be possible to provide training for some 600,000 people a year. He was asking the Manpower Services Commission for its comments and for its proposals for introducing the new programme from September 1988. A White Paper would be published early in 1988 with details of the new programme in the context of the Government's overall strategy for employment and training.

Mr Fowler said that no other country had a programme on this scale. It would make 'a major contribution to fulfilling the Government's commitments to the long-term unemployed' and would help to equip the workforce with the skills needed in the 1990s and into the twenty-first century.

Industrial Disputes

The latest international statistics on industrial disputes, covering the period 1976 to 1985, show a general downward trend in the incidence of working days lost in member countries of the Organisation for Economic Co-operation and Development (OECD). The downward trend in Britain continued in 1986 when the number of days lost through industrial disputes was the lowest since 1963.

International Comparisons

Details of the most recent international comparisons were given in an article in the November edition of the *Employment Gazette* (HMSO, £3·25, ISBN 0 11 728071 2). Table 1 shows the number of working days lost per 1,000 employees in employment (wage earners and salaried employees) for 21 OECD countries up to 1985, the latest year for which information is available in most countries. The article points out that considerable care must be taken when making detailed international comparisons because of the dif-

ferent coverage of each country's statistics, and says that the statistics should not be seen as providing a precise comparison between countries but are useful in indicating approximate levels of the effects of stoppages, especially recent trends. As statistics for some years are heavily influenced by a small number of large

Table 1

Working Days lost in Industrial Disputes per 1,000 Employees in All Industries and Services 1976-85

				Average*		
	1983	1984	1985	1976-80	1981-85	1976-85
Britain	180	1,280	300	560	440	500
Australia	310	240	220	590	380	480
Austria	†	†	10	†	†	†
Belgium	*na*	*na*	*na*	220	*na*	*na*
Canada	460	390	320	870	530	690
Denmark	40	60	1,040	90	310	210
Finland	360	750	80	610	330	460
France	80	80	50	180	90	140
Federal Republic of Germany	†	260	†	50	50	50
Greece	*na*	*na*	*na*	960	(660)	(870)
Irish Republic	380	470	510	920	470	690
Italy	980	610	270	1,350	780	1,060
Japan	10	10	10	40	20	30
Netherlands	30	10	20	30	20	30
New Zealand	340	380	660	390	410	400
Norway	†	60	40	40	60	50
Portugal	230	100	100	(180)	190	(180)
Spain	590	890	480	1,590	600	1,120
Sweden	10	10	130	240	40	140
Switzerland	†	†	†	†	†	†
United States	190	90	70	260	130	190

na = not available.
* Annual averages for those years within each period for which data are available, weighted for employment. Brackets indicate averages based on incomplete data.
† Less than five days lost per 1,000 employees.

Table 2

Working Days lost in Industrial Disputes per 1,000 Employees in Selected Industries (Mining and Quarrying, Manufacturing, Construction, and Transport and Communications) 1976-85

				Average*		
	1983	1984	1985	1976-80	1981-85	1976-85
Britain	330	3,230	670	1,110	980	1,050
Australia	620	530	520	1,170	850	1,020
Austria	†	†	†	†	†	†
Belgium	*na*	*na*	*na*	430	*na*	*na*
Canada	600	930	600	1,690	1,100	1,400
Denmark	80	150	2,550	190	720	440
Finland	400	700	160	1,050	410	730
France	160	160	90	280	170	230
Federal Republic of Germany	†	520	†	90	100	100
Greece	*na*	*na*	*na*	(1,060)	(820)	(940)
Irish Republic	550	670	440	1,640	650	1,160
Italy	1,510	780	430	1,790	1,140	1,490
Japan	20	20	10	70	20	50
Netherlands	40	20	60	70	40	60
New Zealand	800	910	1,340	800	900	850
Norway	10	60	100	70	120	90
Portugal	430	190	190	(280)	330	(310)
Spain	*na*	*na*	*na*	(2,770)	*na*	*na*
Sweden	10	20	10	460	20	250
Switzerland	†	†	†	10	†	†
United States	590	160	140	*na*	330	(360)

na = not available.
* Annual averages for those years within each period for which data are available, weighted for employment. Brackets indicate averages based on incomplete data.
† Less than five days lost per 1,000 employees.

Table 3 **Stoppages in Progress in Britain 1966-86**

	1966	1971	1976	1981	1983	1984	1985	1986
Working days lost (thousand)	2,398	13,551	3,284	4,266	3,754	27,135	6,402	1,920
Working days lost per 1,000 employees	103	613	146	195	179	1,280	298	89
Workers involved (thousand)	544	1,178	668	1,513	574	1,464	791	720
Number of stoppages	1,951	2,263	2,034	1,344	1,364	1,221	903	1,074

stoppages, longer-term comparisons are normally more appropriate than annual comparisons.

There was a general decrease in the incidence of working days lost in OECD countries between the first five-year period (1976-80) and the second (1981-85), with only four countries recording a higher incidence rate in the latter period. Over the ten-year period Britain's ranking was 'a little above the middle'. The highest incidence of working days lost per employee occurred in Spain, Italy, Greece, the Irish Republic and Canada. In the period 1981 to 1985 Britain lost an annual average of 440 days per 1,000 employees in employment from stoppages caused by industrial disputes, representing about half a working day a year per employee. The average was influenced by the major dispute in coalmining in 1984-85 (see pp 47-8 and 77-8, 1985).

The article also gives comparative figures for four main sectors of industry especially prone to disputes (see Table 2): mining and quarrying, manufacturing, construction, and transport and communications. It says that the incidence of working days lost in these industries was in most countries about twice as high as in all industries and services taken together, with the highest rates being recorded in Italy, Canada, Australia and the Irish Republic. As with the overall statistics, the number of days lost was lower in 1981-85 than in 1976-80.

Disputes in Britain in 1986

Details of the working days lost in Britain in 1986 as a result of industrial stoppages were given in an article in the September issue of the *Employment Gazette* (HMSO, £3·25, ISBN 0 11 728069 0). The number of working days lost, 1·9 million (see Table 3), was substantially lower than in the previous year and compared with an annual average of 11·1 million for the period 1976 to 1985. It was the lowest recorded annual total since 1963. Some 720,000 workers were involved in stoppages during the year, compared with 791,000 in 1985 and an annual average of 1·45 million during the period 1976 to 1985. Table 3 shows that the number of working days lost per 1,000 employees was 89 in 1986, the lowest annual figure in the period 1966 to 1986. Although the number of stoppages recorded (1,074) was higher than in 1985, this still represented the second lowest figure recorded since 1940.

About 60 per cent of the stoppages in progress in 1986 lasted for not more than two working days and involved 38 per cent of the total number of workers participating in disputes; however, this accounted for 3 per cent of working days lost. The article says that only 5 per cent of stoppages involved the loss of 5,000 or more working days, but in total these represented 71 per cent of days lost. Nationwide action by teachers constituted the largest single dispute in terms of working days lost.

There was a change in the pattern of the principal causes of disputes compared with 1985, which had been influenced by the dispute in the coalmining industry. In 1986 stoppages over pay accounted for 59 per cent of working days lost, compared with 25 per cent in 1985, while disputes over redundancy accounted for the second highest proportion of days lost (15 per cent), followed by manning and work allocation disputes (13 per cent). In terms of the number of disputes, pay disputes were also the most common cause of stoppages, accounting for 38 per cent of stoppages in 1986, followed by manning and work allocation issues (22 per cent) and working conditions (14 per cent).

Information about stoppages at work arising from industrial disputes is collected on a voluntary basis through the Department of Employment's local unemployment benefit offices and other sources including, in the case of some large stoppages, employers or trade unions concerned. The article says that there are difficulties in ensuring complete recording of stoppages, especially for short disputes or those involving only a few workers. Stoppages involving fewer than ten workers and those lasting less than one day are excluded from the statistics unless the total number of days lost exceeds 100. This restriction has more effect on the number of stoppages than on the number of working days lost and the latter is therefore considered a better measure of the impact of industrial disputes.

Forestry and Nature Conservation, and Alternative Land Use

The Government's views on the interaction between forestry and nature conservation, and on the place of forestry in the development of the countryside, were defined by the Secretary of State for Scotland, Mr Malcolm Rifkind, on 23 October. In addition, an improved Farm Woodland Scheme, to encourage farmers to plant as many as 30 million trees a year, and grants for farm diversification were announced by the Government in November.

Special arrangements to give financial aid to local authorities whose areas were affected by the storm of 16 October in southern England have also been announced.

Forestry Policy

In a written answer in the House of Commons on 23 October (*Hansard*, Vol 120, No 29, written answers, cols 916-20) the Secretary of State gave the text of a letter he had sent to the chairman of the Nature

Conservancy Council (NCC) on a report[1] published by the NCC in July 1986.

The Secretary of State referred to the important changes faced by rural areas in Britain as a result of the need to tackle agricultural surpluses within the European Community and to the Government's view that forestry should be expanded, with due regard for environmental considerations, to provide an alternative use for agricultural land (see pp 102-4 and 415).

Sites of Special Scientific Interest

The letter says that continuing co-operation between the Forestry Commission and the NCC on the management of Sites of Special Scientific Interest (SSSIs; see p 46, 1983) on Commission land is to be welcomed. A ban on planting within SSSIs, where nature conservation is not the primary land use, would not be reasonable.

Controlling Afforestation

Guidelines and mechanisms exist to ensure that forestry develops in harmony with nature conservation. The Forestry Commission is strongly committed to conservation, in its own operations and in handling private sector proposals, and is required to consult the agricultural departments, local planning authorities and other statutory authorities on matters respecting planting grants and felling (see pp 64-5). Where a proposal affects a national nature reserve, an SSSI or a designated area, the NCC is consulted. Special consultation arrangements between the Commission and the NCC on forestry proposals within Environmentally Sensitive Areas (see p 300, 1986, and p 419) have been introduced and the Commission has extended consultations with the NCC to include all applications for grants in the flow country of Caithness and Sutherland (North West Highlands).

In the Government's view the introduction of planting licences, as suggested by the NCC, to strengthen existing controls operating through the forestry grant schemes is not necessary. In only a few instances have consultation procedures been sidestepped and grant foregone.

The Wider Countryside

As a result of changing perceptions on environmental matters, including nature conservation, the Forestry Commission now has to achieve a reasonable balance between timber production and care of the environment. As policies and practices develop, conflicts of interest will be reduced. Discussions have begun between the Commission and the NCC aimed at the provision of constructive advice on nature conservation and the wider countryside.

Investment in New Planting

Conditions for grant aim to ensure that nature conservation, land use and landscape are carefully balanced before the consultation process begins. The Commission has to satisfy itself that a planting scheme is silviculturally suited to a proposed site and will produce usable timber. Market forces influence the choice of species, the main requirement of the wood-processing industry being for softwood. There is no evidence that setting a financial rate of return would help to safeguard nature conservation interests. Acceptable rates of return are matters to be determined by investors in forestry, not by government.

In its own planting the Commission calculates a return on investment for each site, taking into account not only soil, site characteristics and species, but also employment, effective integration with agriculture, environmental safeguards and public access and recreation.

Planting of Better Agricultural Land

The Government is committed to increasing the proportion of planting on low ground of better quality and on agricultural land. Changes in the criteria for the approval of agricultural land for forestry in Scotland are providing new opportunities for planting, including, in certain circumstances, on enclosed agricultural land. There are few agricultural restrictions on new planting in England and Wales.

Design and Management of Forestry Schemes

The Government believes that there is scope for large-scale afforestation, of which the NCC is critical, provided that new planting continues to reflect economic, landscape and nature conservation needs, and that proper design and management practices are adopted. Draft plans, which should take account of conservation factors, are sent to the appropriate statutory authorities for comment, and they are encouraged to seek the views of local interests. Adoption of silvicultural practices which minimise the adverse impacts of forestry on the environment is a Commission priority.

Nature Conservation

The letter says that the Commission should continue to maximise the benefits for wildlife within existing forests. Conservation plans have been drawn up for all Commission forests, with the help of various organisations, including the NCC. Because of the long-term nature of forestry, it will be some time before the benefits of new attitudes towards conservation will be seen.

Farm Woodland Scheme

On 5 November the Minister of Agriculture, Fisheries and Food, Mr John MacGregor, announced that, after considering reactions to the consultation document issued in March, the Government had decided to revise the Farm Woodland Scheme (see p 103). He hoped that the new scheme would encourage farmers to plant as many as 30 million trees a year throughout Britain. This would now be targeted mainly at arable land and improved grassland, to ensure that they were taken out of agricultural production and to reduce surplus cereal crops and milk supplies, and would accord with the Government's farm diversification policy which was designed to help farmers to cope with the consequences of Common Agricultural Policy reform (see pp 10 and 14, and below). Following the passage of the Farm Land and Rural Development Bill, now before Parliament, the scheme would come into operation in autumn 1988.

The annual payments being offered to farmers to assist tree-planting would be increased, the Minister continued, to £190 per hectare in the lowlands, £150 per hectare in the disadvantaged areas, and £100 per hectare in the severely disadvantaged areas. Grants would be given for a minimum holding of 3 hectares

[1] *Nature Conservation and Afforestation in Britain*. NCC. £8·50. ISBN 0 86139 337 6.

(7·4 acres) – except in Northern Ireland where it would be 1 hectare (2·47 acres) – and a maximum of 40 hectares (99 acres). The maximum area that would qualify for grant would be 12,000 hectares (29,650 acres) a year during the first three years of the scheme – roughly half the recent annual rate of new planting under Britain's traditional forestry programme. The Government emphasises the silvicultural and economic benefits of broadleaf planting. For woodland containing over 50 per cent broadleaved trees, therefore, grants would continue for 30 years; for that containing exclusively oak and beech, they would continue for 40 years.

In addition, the Government intended that within the 36,000 hectare (88,960 acre) limit over three years, 3,000 hectares (7,413 acres) would be reserved for marginal land, in the less favoured areas, which would allow some hill farmers to plant woodlands in areas of permanent pasture or rough grazing, provided that the land had been in productive agricultural use. This would attract annual payments of £30 per hectare in view of the lower productive potential of such land. 'The Farm Woodland Scheme', said Mr MacGregor, 'seems all the more desirable now that so many trees have been lost or damaged in recent storms.'

Farm Diversification Grants

On 18 November, the Minister of State at the Ministry of Agriculture, Fisheries and Food, Mr John Gummer, announced new grants in the Government's campaign to promote alternative land use (see pp 102-4). These were designed to help farmers to diversify into a range of on-farm enterprises, including tourism, sport and recreation, food and timber processing, farm shops and restaurants, nature trails and information centres. After publication of its farm diversification proposals in May, said Mr Gummer, the Government had made changes in the light of the views of over 100 organisations.

Payments, on offer from 1 January 1988, would cover one-quarter of the cost of capital investments worth up to £35,000. Farmers spending at least half their time and getting half their income from the farm would be eligible, and would be required to prepare an investment plan for ministry approval. Government funding would run to about £3 million a year. Diversification, said the Minister, 'can also mean creating new employment and ensuring that unused land and buildings which may be standing idle are put to good use'.

Storm Damage

Following the severe storm which affected southern England on the night of 15-16 October, the Government has announced special arrangements to give financial aid to local authorities whose areas suffered damage in the hurricane-force winds, with widespread destruction to property and trees. In a statement in the House of Commons on 21 October (*Hansard*, Vol 120, No 27, cols 731-44) the Secretary of State for the Environment, Mr Nicholas Ridley, confirmed that expenditure which qualified for assistance would not cause authorities to lose rate support grant; that trees lost would be replaced with the help of government money; that grants would be made to the Countryside Commission so that lost trees could be replanted in both urban and rural areas; and that clearing and replanting in the royal parks would go ahead as soon as possible.

In another statement in the House of Commons, on 30 November (*Hansard*, Vol 123, No 55, written answers, cols 411-12), Mr MacGregor announced special storm damage compensation arrangements for commercial orchard growers and farmers. A flat-rate payment of £2 a tree for the replacement of trees in commercial orchards destroyed or severely damaged in the storm would be introduced and growers would be allowed until 31 March 1990 to complete work. In addition, grants of 60 per cent would be offered for the replacement of hedges, windbreaks and traditional stone walls. For shelter belts, a 60 per cent grant would be made where at least 50 per cent of the trees were broadleaved; and a grant of 30 per cent in other cases. Farmers and growers would have until 31 March 1989 to complete work and submit claims.

Science and Technology

The annual survey of the Government's research and development expenditure in 1985-86, with its plans for future years, has been published. A site has been chosen for a new technology transfer centre, which should start work in early 1988.

RESEARCH EXPENDITURE REVIEW

The survey, published on 25 November,[1] gives details of research and development (R & D) expenditure by government departments, nationalised industries and private companies. Of the total £7,919 million spent in 1985, 65 per cent was on work carried out by industry (about a quarter of which was financed by government; for details see pp 277-8), 20 per cent by government institutions and 11 per cent by the higher education sector.

The greater part of the survey is concerned with government-funded R & D, which in 1985-86 amounted to £4,520 million, or 3 per cent of central government expenditure. It presents figures for spending by departments, type of activity and primary purpose for 1985-86, and plans for the years to 1989-90. With the additional funds outlined in the Chancellor's Autumn Statement (see pp 363-7), present plans are to raise government expenditure on civil R & D by 4 per cent in real terms over the period from 1985-86 to 1989-90. The proportion allocated to defence R & D is to be reduced from 52 per cent in 1985-86 to 48 per cent in 1989-90.

The major spenders among the civil departments are the Department of Trade and Industry (its commitment having been increased by the granting of launch aid to the Airbus A330/340 project; see pp 215-16), the Department of Energy (including research contracted out to the United Kingdom Atomic Energy Authority) and the Ministry of Agriculture, Fisheries and Food. Academic research, financed by the research councils and the University Grants Committee, constituted 26

[1] *1987 Annual Review of Government Funded R & D*. Cabinet Office. HMSO, £10·50. ISBN 0 11 513988 5.

per cent of government-funded R & D in 1985-86 and is planned to provide 29 per cent in 1989-90.

In 1985-86 approximately half of the Government's R & D expenditure went towards supporting its procurement decisions (almost entirely those of the Ministry of Defence); 20 per cent went on the improvement of technology (particularly funded by the Department of Trade and Industry); and 15 per cent was for the advancement of pure science (mostly in the academic sector). Slightly less than half was spent on experimental work, about one-third on applied research and 17 per cent on basic science.

A total of 42,450 people were employed directly by the Government on R & D work in 1986-87. (More than 13,000 employed at the United Kingdom Atomic Energy Authority are no longer included in this figure). Of the total, 55 per cent worked for the Ministry of Defence, 27 per cent for the research councils and the rest for the civil departments of government.

The review also compares Britain's expenditure on R & D with that of other industrialised nations. In 1985 the British Government and industry together spent 2·3 per cent of gross domestic product on R & D, compared with 1·4 per cent in Italy, 2·3 per cent in France, 2·7 per cent in the Federal Republic of Germany, 2·8 per cent in the United States and (in 1984) 2·6 per cent in Japan.

In future this review will be published in the summer as part of the input to the new strengthened machinery for determining priorities for science and technology (see pp 276-7). In addition, broad details of allocations for government expenditure on R & D will be set out in a separate section of the public expenditure White Paper.

TECHNOLOGY TRANSFER CENTRE

Manchester Science Park has been chosen as the site for the new Centre for Exploitation of Science and Technology (originally designated the Centre for Exploitable Areas of Science and Technology; see p 277). The successful bid was put forward by a consortium of higher education institutions and commercial firms from the north-west of England, which will provide the centre with library, computing and other resources. The centre will, however, be independent and will be run by a professional staff, headed by a chief executive. It will probably start work in December 1987 or January 1988. To date it has attracted £4·75 million of funding from its private sector members and £1 million from the Government. The private sector members include representatives of the banking sector, and the steering committee charged with setting up the centre also hopes to encourage small and medium-sized companies to join.

Space Research

The Government has decided to keep its financial contribution to the research work of the European Space Agency at its present level. It views some of the Agency's programmes as too costly and of little commercial value and is delaying its decision on participating in others until fuller details and costings are available.

Ministers of the 13 member nations of the European Space Agency (ESA) met in The Hague on 9-10 November to consider proposals to increase their spending on space research from about £700 million to some £1,800 million a year by 1993. Most of the extra funds were earmarked for three optional programmes (see below) relating to the ESA's bid to put a man into space, but a 5 per cent a year expansion (in real terms) of the mandatory basic science programme was also proposed. In total these proposals would have more than doubled Britain's contribution to the ESA to over £200 million a year by 1993. The British Government currently provides about 13 per cent of the ESA's funds and is its fourth largest contributor.

Speaking at the meeting, the Minister of Trade and Industry, Mr Kenneth Clarke, argued that a thorough reappraisal of the ESA's strategy was necessary before programmes as costly and risky as those under discussion were considered. Potential projects should, he said, be assessed according to their impact on the competitiveness of the European space industry in world markets, rather than in terms of the prestige they might confer on the participating nations. The Minister proposed a detailed review of the objectives of the ESA's programmes, setting priorities among them according to their likely economic, commercial and scientific benefits and costs. He also argued that ways should be found of increasing the involvement of private sector firms in funding the ESA's projects.

The ministers agreed to reduce the plans for ESA expenditure up to the year 2000 by 15-20 per cent and to invite the ESA Director General to seek more private sector involvement in its funding. Britain abstained in the vote to increase spending on the basic science programme. Mr Clarke noted that ministers had previously agreed a 27 per cent increase in real terms for the period 1985-89; the lack of any further expansion (other than allowances for inflation) would not, in his view, seriously affect such long-term projects. Under ESA's rules unanimity is necessary for any change in the basic programme, which will, therefore, now be maintained at existing levels.

The Government will continue to play an active part in the ESA's work and will maintain its contributions at their present level, which amounts to about 75 per cent of total British Government expenditure on space research.

Optional Programmes

Within the ESA Britain's resources will be concentrated on existing optional programmes which have clear commercial potential, such as those on telecommunications and earth observation from satellites. Under ESA rules a member state can participate in whichever optional programmes it chooses and at whatever level it negotiates with the Agency.

Of the three major optional programmes discussed at the meeting the French-led Hermes project aims to develop a small re-usable space shuttle; this would be put into space by a new version of the Ariane 5 rocket, which was originally conceived as a launcher for unmanned satellites. The Columbus programme involves the ESA in building modules to link up with the planned United States space station.

On the matter of support for the Ariane 5 project, the British Government has deferred its decision until it can assess whether changes to the design of the rocket to enable it to carry the Hermes shuttle will make it uneconomic as a launcher for commercial satellites. The Government views the Hermes programme as too costly and of dubious commercial and economic value, and will not support it. Speaking to the House of Commons on 12 November, Mr Clarke noted that only six of the 13 member countries had firmly committed themselves to the Hermes programme. Britain will remain in the Columbus project only if the ESA's negotiations with the United States produce satisfactory results. Within this project the Government and British industry are particularly interested in the development of a polar platform. Britain already provides about 13 per cent of the funding for Columbus.

Sufficient member nations promised enough financial support to enable all three major optional programmes to go ahead, although the Hermes and Columbus projects will be subject to review after three years.

Hotol

The revolutionary Hotol spaceplane project (see pp 97-8, 1986), which may compete with the Hermes shuttle, was not discussed at the meeting. The Government is awaiting the results of preliminary studies on this concept before deciding whether and how to seek international partners to develop it.

International Conference on the Protection of the North Sea

The second International Conference on the Protection of the North Sea, held in London on 24 and 25 November, ended with agreement on action to protect and enhance the quality of the North Sea, including more stringent controls on the input of dangerous substances into rivers, and the phasing out of dumping of harmful wastes into the North Sea by the end of 1989 and of marine incineration by 1994.

The meeting of environment ministers from Belgium, Britain, Denmark, France, the Federal Republic of Germany, Netherlands, Norway and Sweden, and the member of the European Commission responsible for environmental protection, was opened by the Prince of Wales, and chaired by the Secretary of State for the Environment, Mr Nicholas Ridley. At the conclusion of the Conference Mr Ridley said that it had been very successful and there had been 'real and lasting progress' which he hoped would protect the North Sea for future generations.

British Contribution

The Minister of State for the Environment, Lord Belstead, leader of the British delegation, said that Britain had taken practicable, legislative and organisational steps to reduce pollution since the first conference in 1984. For example, the Government had banned the use of tributyl tin in anti-fouling paints on small boats (see p 108). It had also introduced Part Two of the Control of Pollution Act 1974, bringing all significant discharges to inland and coastal waters under direct control. It had established a unified Inspectorate of Pollution (see pp 300-1, 1986), which would adopt a precautionary approach. Britain would give river quality objectives statutory force, and set emission standards for the discharge to water of a 'Red List' of the most dangerous substances. These standards would be decided by the Inspectorate and be based on the use of the best available technology which did not entail excessive cost.

Rivers brought two-thirds of the nitrogen to the North Sea, three-quarters of the phosphorus and large quantities of metals. Incineration and dumping, however, were not major inputs of pollutants, Lord Belstead said. Britain was responsible for only 2 or 3 per cent of dangerous waste burnt at sea and, under the Oslo Commission Agreement, would be setting a date for phasing out the practice of incineration. Lord Belstead pointed out that all the countries represented at the Conference disposed of waste at sea. In Britain this occurred only when the Government was satisfied that the sea would not be damaged and where it was the option that would do least harm to the environment as a whole. The amount of liquid industrial waste dumped by Britain in the North Sea had been halved since 1980 and now accounted for only 10 per cent of the total. Britain had substantially reduced the contamination of wastes and sewage sludges with trace metals like mercury and cadmium. Although Britain did not believe that radioactivity was causing any problems in the North Sea, it was committed to reducing radioactive discharges by changes based on the best available technology. Discharges from the complex at Sellafield (Cumbria) had been reduced by over 90 per cent in ten years and would be halved again by 1991 (see p 299, 1986).

Lord Belstead said that more scientific work needed to be done, and hoped that one outcome of the Conference would be the establishment of a North Sea Task Force to plan, co-ordinate and execute the scientific effort needed.

Ministerial Declaration

At the end of the conference discussions, the environment ministers issued a ministerial declaration, in which they welcomed the progress made in the protection of the North Sea since the first conference, but reaffirmed the need for further action at both national and international level. They accepted that a precautionary approach was necessary, which might require action to control inputs of dangerous substances into the North Sea even before a causal link had been scientifically established. Among the agreements made were decisions:

1 to reaffirm the principles on uniform emission standards set out in the previous declaration: emissions should normally be limited at source, emission standards should take into account the best technical means available, and quality objectives should be fixed on the basis of the latest scientific data;

2 to take measures to reduce urgently the total quantity of toxic substances reaching the North Sea from rivers and estuaries, with the aim of reducing them by 50 per cent between 1985 and 1995, and to adopt

enhanced monitoring and inspection procedures to ensure compliance with regulations;

3 to aim to reduce inputs of nutrients where these are likely to cause pollution, with the aim of reducing by half the input of phosphorus and nitrogen into the North Sea between 1985 and 1995;

4 to phase out the dumping in the North Sea of industrial wastes by the end of 1989, and, where countries dispose of sewage sludge in the North Sea, to reduce the contamination of the sludge by toxic materials;

5 to reduce substantially the use of marine incineration as a method of waste treatment by January 1991, and to phase it out altogether by the end of 1994;

6 to take further action to prohibit pollution from ships and offshore installations (effectively prohibiting the dumping of garbage from ships anywhere in the North Sea);

7 to apply the best available technology to minimise any pollution caused by radioactive discharges from nuclear industries into the marine environment;

8 to endorse the shared responsibility of the North Sea states for the protection of the Wadden Sea[1] against pollution;

9 to use airborne surveillance as an aid to enforcing anti-pollution regulations.[2]

The ministers agreed there was a need for further development of methods of monitoring and assessment of environmental conditions at national and international level, and proposed that a Task Force be set up by the International Commission for the Exploration of the Sea and the Oslo and Paris Commissions, to organise a co-ordinated programme of scientific studies of the North Sea. They welcomed the invitation of the British Government to host the first meeting of the Task Force in early 1988, and agreed to hold a third International Conference on the Protection of the North Sea in the Netherlands in early 1990, to evaluate the measures agreed and progress made.

For further information see COI reference paper *Control of Water Pollution in Britain*, No 228/86.

Shorter Notes

EXCHANGE COVER SCHEME

Changes to the Exchange Cover Scheme were announced by the Economic Secretary to the Treasury, Mr Peter Lilley, on 2 December. The scheme, which was introduced in 1969, encourages nationalised industries, local authorities and other bodies to borrow abroad and thereby increase the official foreign currency reserves. The borrower surrenders the foreign currency receipts to HM Treasury's Exchange Equalisation Account (EEA) in exchange for sterling; it subsequently purchases foreign currency from the EEA at the same rate to meet interest charges and repayment of principal. The borrower is thus protected against adverse exchange rate movements. Also, the terms of the loan are such that the borrower pays a little below the rate on normal sterling borrowing from the National Loans Fund or the Public Works Loan Board.

The scheme has been reviewed in the light of the substantial increase in the reserves in 1987; they have experienced an underlying rise of nearly $17,000 million since the beginning of the year, to reach over $41,000 million. From 1 February 1988, exchange cover will be confined to loans of the equivalent of $25 million or more. The interest rate benefit – currently 0·5 percentage points – is to be withdrawn, with immediate effect, on all new loans. The $25 million limit will not, however, apply when European Community grants are involved.

Source: *Hansard*, Vol 123, No 57, written answers, col 614.

COMMUNITY CHARGE

The community charge, which is to replace domestic rates (see pp 23-4 and 97), is now to be introduced in most local authorities in England in one move on 1 April 1990; it will not be phased in over four years as earlier intended (see p 278). Making the announcement on 17 November, the Secretary of State for the Environment, Mr Nicholas Ridley, said that the exceptions would be the highest spending areas in London – the inner London boroughs and the London Borough of Waltham Forest – in which the charge would be fully introduced on 1 April 1994 after a four-year transition period. During this period the community charge and rates would run in parallel. In the first year, from 1 April 1990, all those over the age of 18 would have to pay a charge of around £100; this would gradually rise and domestic rates fall until 1 April 1994, when the community charge would completely replace domestic rates.

Mr Ridley explained that the revised arrangements would ensure that the benefits of the new system would be quickly realised while giving high-spending authorities time to adjust their spending.

As previously agreed, there will be no transition period in Scotland or Wales, where the community charge will replace domestic rates completely on 1 April 1989 and 1 April 1990 respectively.

Source: *Hansard*, Vol 122, No 48, written answers, cols 483-4.

NORTHERN IRELAND TOURISM

Tourism in Northern Ireland in 1986 broadly maintained the improved position it attained in the early part of the 1980s. Although the number of visitors

[1]The Wadden Sea is that part of the North Sea bounded on two sides by Denmark, the Federal Republic of Germany and the Netherlands.

[2]It was announced on 24 November that Britain is to establish a programme of routine anti-pollution aerial surveillance patrols over the North Sea.

from outside the province was, at 824,000, nearly 5 per cent lower than in 1985, revenue was, at £82 million, 4 per cent higher. Great Britain accounted for 55 per cent of visitors and the Irish Republic for 32 per cent. Revenue from Northern Ireland residents holidaying in the province amounted to £37 million, nearly 6 per cent more than a year earlier.

During 1986 the Northern Ireland Tourist Board began to implement the guidelines on tourism policy issued by the Department of Economic Development early in the year, which made it clear that the Government recognised tourism as a growth industry which was able to make a significant contribution to job creation and revenues.

Source: *Northern Ireland Tourist Board Annual Report 1986-87*. Available from the NITB at River House, 48 High Street, Belfast BT1 2DS. £2.

BRITISH RAIL ENGINEERING LTD

Approval for British Rail's proposal to sell its engineering subsidiary, British Rail Engineering Ltd, was announced by the Secretary of State for Transport, Mr Paul Channon, in the House of Commons on 24 November. Mr Channon said that the subsidiary, one of the main suppliers of railway rolling stock to British Rail, had been extensively reorganised in recent years [with heavy maintenance becoming the responsibility of a new subsidiary, British Rail Maintenance Ltd, which will remain under British Rail ownership]. These changes had arisen mainly from the modernisation of British Rail's locomotive and rolling stock fleets, which had reduced substantially the need for repairs. British Rail Engineering now consisted of four main works – at Crewe, York and two at Derby – and concentrated on manufacture and heavy overhauls. The British Railways Board intended that the four main works should be offered for sale as a single business in spring 1988, with the aim of completing the sale as soon as possible thereafter.

Mr Channon said that, although the subsidiary had made progress towards commercial viability and competitive levels of productivity, he believed that the business could 'best develop and flourish in the private sector'. It would also have 'much greater freedom to diversify and compete for work outside the railway supply industry and . . . to create new employment opportunities'.

Sources: *Hansard*, Vol 123, No 50, col 141; British Railways Board press notice, 24.11.87.

RESTRICTIONS ON NIGHT FLIGHTS

Government proposals for future restrictions on night flights at London's Heathrow and Gatwick airports (Britain's two leading airports) were announced by the Parliamentary Under-Secretary of State for Transport, Mr Peter Bottomley, in the House of Commons on 6 November. Mr Bottomley said that the Government's policies for reducing noise nuisance from aircraft using these airports had 'effectively controlled disturbance at night and . . . brought about an improvement in the night noise climate'. Measures had included a restriction on the numbers and types of aircraft allowed to fly at night. His objective was to continue to improve the night noise climate around the airports, while avoiding unnecessary restrictions on the airline industry.

Mr Bottomley said that for Heathrow he proposed that the number of night flights should be kept to about the present level, which represented a reduction on the present permitted level set in 1981, and he proposed to ban take-offs by noisier aircraft between 00.30 and 05.00. His proposals would ensure that, as airlines replaced their older aircraft with modern, quieter types, the level of disturbance at night would gradually be improved.

At Gatwick, Mr Bottomley continued, one option would be to freeze the night quota at its present level. However, there was an opportunity to make a more positive improvement to the night noise climate through encouraging airlines to replace older, noisier aircraft by modern, quieter aircraft, so achieving a quicker reduction in disturbance by both night and day. Accordingly, his preferred option at Gatwick would involve phasing out between 1988 and 1992 half the night flights being made by older, noisier aircraft and increasing gradually the number of flights by modern, quieter aircraft, with the total number of flights being slightly above the existing number.

Mr Bottomley said that he would consider comments on proposals before taking a final decision, which would take effect from April 1988.

Source: *Hansard*, Vol 121, No 39, written answers, cols 911-12.

ENVIRONMENTALLY SENSITIVE AREAS

The Government is to establish eight more Environmentally Sensitive Areas (ESAs) in England and Wales. Farmers who adopt more traditional farming methods to conserve the countryside in these areas will be eligible for payments of between £10 and £300 a hectare[1] and will be invited to apply from January 1988 and to participate for an initial period of five years.

In announcing the decision, the Minister of Agriculture, Fisheries and Food, Mr John MacGregor, spoke of the success of the first set of ESAs (see p 300, 1986). Farmers cultivating three-quarters of the eligible land within the designated areas, he said, had entered into voluntary agreements to take part. The Government, which had been able to designate almost all the areas recommended by the Countryside Commission and the Nature Conservancy Council, would now double the budget for ESAs to £12 million a year in Britain.

The areas chosen are: in England, Breckland (Norfolk and Suffolk), the North Peak (Greater Manchester, West Yorkshire, Derbyshire and South Yorkshire), the Suffolk river valleys (Suffolk and Essex), the Test

[1] 1 hectare = 2·471 acres.

Valley (Hampshire), the Shropshire Borders (Shropshire), and the western South Downs (West Sussex); and in Wales, an extension of the Cambrian Mountains and the Lleyn Peninsula (Gwynedd).

Separate announcements are to be made about the designation of further areas in Scotland and Northern Ireland.

Source: *Hansard*, Vol 123, No 55, written answers, cols 409-10.

PROTECTION FOR NATIVE ANIMALS AND PLANTS

The number of native species of animals and plants protected from being taken from the wild, injured, killed or destroyed is to be increased, Lord Belstead, Minister of State at the Department of the Environment, announced on 30 November. Forty-eight species of animals and 31 of plants would receive added protection, bringing the total of species protected to 177.

The Wildlife and Countryside Act 1981 (see pp 152-3 and 322, 1981) requires the Nature Conservancy Council (NCC) to review the protection afforded to native animals and plants every five years. The first such review was submitted to the Secretary of State for the Environment, Mr Nicholas Ridley, by the NCC in 1986 and affirmed the effectiveness of the Act in protecting species. Among animals to be designated for full protection are the wild cat, dormouse and pine marten; all cetacea using British waters – whales, dolphins and porpoises; sea turtles; the violet click beetle; and the trembling sea mat, a rare fish surviving in Britain only near Falmouth (Cornwall). There will also be full protection for a variety of plants known to one site only, including the sand crocus and pigmyweed.

Full protection means that it is an offence, punishable by fine and forfeiture, intentionally to kill, injure or take any animal or intentionally to pick, uproot or destroy any plant.

Source: Department of the Environment press notice, 30.11.87.

SOCIAL AND CULTURAL AFFAIRS

Social Security Benefits

The Social Security Bill, whose main objectives are to ensure that available resources are targeted on those who most need help and to encourage as many young people as possible to take advantage of the training schemes available to them, has received its second reading in the House of Commons. Its main provisions include withdrawal of income support from people under 18 who choose to remain unemployed, changes in contributions conditions for sickness and unemployment benefits, the establishment of a statutory basis for payments to those in greatest need during exceptionally cold weather, and amendments to the Social Security Act 1986 to enable a number of reforms to come into effect. Increases in social security benefits and the rates for the reformed system of income-related benefits, to take effect from 11 April 1988, have been announced by the Secretary of State for Social Services.

SOCIAL SECURITY BILL

The Bill received its second reading in the House of Commons on 2 November (*Hansard*, Vol 121, No 35, cols 655-755) by 328 votes to 238. Its main provisions are as follows:

Entitlement to Income Support

The Bill proposes from September 1988 to withdraw entitlement to income support from people under 18 who choose to remain unemployed. It does this by removing the entitlement of 16- to 17-year-olds, a measure complemented by the guarantee of a place on the Youth Training Scheme to every person under 18 who is not in full-time education and who does not go into a job (see pp 61-2). Young people who are unable to take up training or a job, for example through disability or because they are single parents, will continue to be entitled to benefit. It is proposed to extend the period for which child benefit may be payable for people under 18 until they are able to take up a job or a training place. The maximum extended period would be to the end of the year for summer school leavers and for three months for those who leave at other times.

Sickness and Unemployment Benefit

Changes in the contribution conditions for sickness and unemployment benefits are proposed. To qualify for these, a person must have paid, or been credited with, National Insurance contributions in the past two years, not just the last year as at present. A further proposal, for unemployment benefit only, expected to take place in October 1988, requires a person to have paid contributions in one of these two years, not as now in any year. In addition, credits for short-term benefits will no longer be awarded to people entering the National Insurance scheme for the first time – mainly young people – to help them to satisfy the contribution conditions at an early stage.

The Bill also proposes that from January 1989 people aged between 55 and 60 will have unemployment benefit reduced by 10 pence for every 10 pence by which their occupational pension exceeds £35 a week. (This abatement of unemployment benefit is limited at present to those aged over 60.)

Other Proposals

The Bill also makes a number of technical amendments relating to family credit and occupational pensions and clarifying the Secretary of State's powers in relation to the social fund. Other proposals provide a statutory basis for payments to those in greatest need during exceptionally cold weather and, following certain legal judgments, restores the original intentions of Parliament concerning attendance allowance (by emphasising that a disabled person qualifies for the night-time allowance only if he or she needs active supervision during that period); and concerning the calculation of earnings of claimants' dependants (by making clear that where a dependency addition is claimed, any occupational pension received by the dependant must be treated as if it were earnings).

Proposed changes to the 1986 Social Security Act, to enable a number of the social security reforms to come into effect as planned in April 1988 (see pp 71-83, 1986), include amendments to the industrial injuries scheme to introduce a new benefit – retirement allowance – to replace reduced earnings allowance after retirement, and to abolish industrial death benefit (except for existing cases) from 11 April 1988 and align the higher rate of that benefit with National Insurance widow's pension.

Ministerial Statement

Opening the debate, the Secretary of State for Social Services, Mr John Moore, said that the Bill provided the background for yet another major extension of the training programme for young people who had left school at 16 or 17 and had not found work. Every 16- and 17-year-old was now offered a guaranteed place of training. The Government's financial commitment to youth training amounted to over £1,000 million a year. The proposed changes, whose net effect would add to public expenditure, were designed to avoid the damaging effects for young people of moving straight from school into the benefit culture. These young

people would instead be offered training to improve their prospects. They would also receive a reasonable weekly allowance which had been set at a rate well above the basic supplementary benefit rate for most young people.

Referring to the proposed withdrawal of credits for short-term benefits from people entering the National Insurance scheme for the first time, Mr Moore said that it made no sense to make unemployment benefit more easily available in such circumstances. However, credits would continue to be awarded for those in full-time education or training after school for any tax years after and including the year in which the person reached 18. The proposed change would strengthen the link between benefits, participation in work and the payment of contributions.

On the subject of the proposed extension of the abatement of unemployment benefit, Mr Moore said that this would bring the arrangements more into line with retirement patterns in the late 1980s.

Opposition Views

While welcoming the proposed provision for severe weather payments, Mr Robin Cook, chief official Opposition spokesman on health and social security, strongly criticised all other aspects of the Bill, which he said would extinguish the right of 400,000 claimants to benefit and would reduce the right to benefit of a further 300,000 claimants. The Bill would remove benefit from 92,000 16- and 17-year-olds, about 30,000 of whom were studying part-time for qualifications to go on to further or higher education – qualifications they would not get on the Youth Training Scheme. The Opposition rejected the principle that the Scheme should be made compulsory in this way. The clause tightening the contribution conditions for unemployment benefit would affect tens of thousands of claimants who had paid National Insurance contributions for decades but whose contributions happened to be defective in the two relevant years.

Mr Ronnie Fearn, for the Liberal Party, said that the Bill consisted of a series of mean-minded schemes for clawing back money from those who needed it most. It contained so many cuts and retrograde steps that would hit parents, children, and elderly, disabled or sick people that his party would most certainly be voting against it.

SOCIAL SECURITY BENEFITS

The uprating of social security benefits and the introduction of a reformed system of income-related benefits were announced by Mr Moore in the House of Commons on 27 October (*Hansard*, Vol 121, No 31, cols 179-201). The new rates, which will come into force in the week beginning 11 April 1988, the first full week in the tax year, reflect a rise in the retail price index of 4·2 per cent over the 12 months to September 1987. As a result of the uprating, expenditure on social security, which at present stands at over £44,000 million in 1988-89 will rise by some £1,300 million. The main points of Mr Moore's statement are as follows.

Pensions

The retirement pension for a married couple will rise from £63·25 a week to £65·90, and for a single person from £39·50 to £41·15. Public service pensions will be increased by the same percentage as will widow's pensions and benefits for disabled people.

Unemployment Benefit

The basic rate of unemployment benefit will be increased from £31·45 to £32·75.

Benefits for the Disabled

Benefits payable to sick and disabled people, including sickness benefit, invalidity benefit, severe disablement allowance and invalid care allowance, will all rise by 4·2 per cent, as will attendance allowance and mobility allowance.

Benefits for Children

In view of the particular need to target help on those who most need it and to control the overall growth in social security expenditure, it is proposed not to increase the rate of child benefit in April. This will remain at £7·25 a week. However, one-parent benefit will increase from £4·70 to £4·90 a week and the maternity payment from the social fund will increase from £80 to £85 a week.

The Government will be increasing the overall level of resources devoted to families with children, with the greatest emphasis being placed on those with greatest needs. An extra £220 million will be spent on the new family credit and an extra £100 million on families in income support (see 423). Moreover, family credit will go directly to help low-income working families with children and will reach twice as many people as the present family income supplement.

Income-related Benefits

Under the new system of income-related benefits (see pp 71-3, 1986), supplementary benefits will be replaced by the simpler income support; housing benefit by a reshaped system aligned with income support; and family income supplement by the new family credit which will provide help to more than twice as many low-paid working families. The new, more coherent and better targeted structure will direct help more clearly where it is most needed and will foster incentives to work.

The income support rates proposed are £33·40 for single people aged 25 and over and £51·45 for couples. These would also apply as the applicable amounts for housing benefit purposes and as the threshold in family credit. The family premium would be £6·15, the premium for a single pensioner £10·65, and for couples £16·25. The proposed rates for these income-related benefits are provisional: final decisions on them await the outcome of consultations with the local authority associations.

Complementing the new structure of income-related benefits, the social fund (see p 72, 1986) will be fully introduced in April 1988. Its gross budget for community care grants and budgeting and crisis loans for the first year will be just over £200 million, of which some 70 per cent will be in the form of loans recoverable over a period.

BENEFIT RATES

Main Contributory and Non-Contributory Benefits

The payment of some benefits – such as retirement, or widow's and invalidity pensions and sickness and

unemployment benefit – depends on contributions paid under the National Insurance scheme. Other benefits do not depend upon contributions: the main one is child benefit, but there are also a number providing special help, for example, for disabled people.

	Existing weekly rate £	*Proposed weekly rate* £
Child benefit		
each child	7·25	7·25
One-parent benefit		
first or only child of certain lone persons	4·70	4·90
Retirement and widow's pensions, and widowed mother's allowance		
single person	39·50	41·15
wife or other adult dependant	23·75	24·75
Earnings limit for retirement pensioners	75·00	75·00
Invalidity pension		
single person	39·50	41·15
spouse or other adult dependant	23·75	24·75
Invalidity allowance		
higher rate	8·30	8·65
middle rate	5·30	5·50
lower rate	2·65	2·75
Unemployment benefit		
single person	31·45	32·75
wife or other adult dependant	19·40	20·20
Sickness benefit		
single person	30·05	31·30
wife or other adult dependant	18·60	19·40
Statutory sick pay		
earnings threshold	39·00	41·00
standard rate threshold	76·50	79·50
lower rate	32·85	34·25
standard rate	47·20	49·20
Widow's payment (lump sum)		1,000·00
Widow's allowance (first 26 weeks of widowhood)	55·35	57·65
Statutory maternity pay		
earnings threshold	39·00	41·00
lower rate	32·85	34·25
Maternity allowance	30·05	31·30
Attendance allowance		
higher rate	31·60	32·95
lower rate	21·10	22·00
Severe disablement allowance	23·75	24·75
Invalid care allowance	23·75	24·75
wife or other adult dependant	14·20	14·80
Mobility allowance	22·10	23·05
Guardian's allowance, child's special allowance	8·05	8·40
Rate of benefit for children of: widows; invalidity and retirement pensioners; invalid care beneficiaries; unemployment and sickness beneficiaries when claimant is over pension age	8·05	8·40

Industrial Injuries Benefits

Industrial injuries benefits are payable to employed people who suffer injuries caused by an accident at work or from a prescribed industrial disease. Disablement benefit is usually paid after a qualifying period of 15 weeks if there is a loss of physical or mental faculty. (During the qualifying period sick pay or sickness benefit is payable.)

	Existing weekly rate £	*Proposed weekly rate* £
Disablement benefit (100 per cent assessment)	*64·50*	*67·20*
unemployability supplement	*39·50*	*41·15*
reduced earnings allowance (maximum)	*25·80*	*26·88*
constant attendance allowance (normal maximum), exceptionally severe disablement allowance	*25·80*	*26·90*
Industrial death benefit		
widow's pension during the first 26 weeks of widowhood	*55·35*	*57·65*
higher permanent rate	*40·05*	*41·15*
lower permanent rate	*11·85*	*12·35*

Income-related Benefits

Entitlement to all income-related benefits will be assessed using the same basic rules. There will be a limit to the amount of capital a person may have and still be entitled, and income will be taken into account net of income tax and National Insurance contributions.

Income Support and Housing Benefit

Income support will be payable to families who are not in work and whose financial resources fall below certain levels. It will consist of a basic allowance with additional premiums for families, lone parents, pensioners and long-term sick and disabled people. People whose income is no higher than the following levels will receive housing benefit equivalent to 100 per cent of their rent and 80 per cent of their rates.

	Proposed weekly rate £
Personal Allowances	
single	
under age 18	13·40
age 18-24	26·05
age 25 or over	33·40
lone parent	
under age 18	19·40
age 18 or over	33·40
couple	
both under age 18	38·80
at least one age 18 or over	51·45
dependent children	
under age 11	10·75
age 11-15	16·10
age 16-17	19·40
age 18	26·05

	Proposed weekly rate £
Premiums	
family	6·15
lone parent (income support)	3·70
lone parent (housing benefit)	8·60
pensioner	
single	10·65
couple	16·25
pensioner (higher)	
single	13·05
couple	18·60
disability	
single	13·05
couple	18·60
severe disability	
single	24·75
couple (one disabled)	24·75
couple (both disabled)	49·50
disabled child	6·15

Family Credit

Family credit will be payable to low-income working families with children. It will be additional to child benefit and will be related to net income, and to the number and age of children in the family. Where the net income is no higher than £51·45, the following amounts will be payable. Credit will be 'tapered' for earnings above this level.

	Proposed weekly rate £
Adult Credit	32·10
Child Credit	
under age 11	6·05
age 11-15	11·40
age 16-17	14·70
age 18	21·35

Main War Pensions

War pensions are payable to people disabled as a result of service in the armed forces, to people disabled from injuries in the Merchant Navy or Civil Defence during wartime, or to civilians injured by enemy action.

	Existing weekly rate £	*Proposed weekly rate* £
Disablement pension for private at 100 per cent rate	64·50	67·20
Age allowance, depending on degree of disability	4·50-14·00	4·70-14·60
Unemployability allowances		
personal allowance	41·95	43·70
increase for wife or other adult dependant	23·75	24·75
increase for each child	8·05	8·40
Constant attendance allowance		
normal maximum	25·80	26·90
Comforts allowance		
higher rate	11·10	11·60
lower rate	5·55	5·80
Mobility supplement	24·55	25·60
Allowance for lowered standard of occupation (maximum)	25·80	26·88
Exceptionally severe disablement allowance	25·80	26·90
Severe disablement occupational allowance	12·90	13·45
Clothing allowance (annual rate)		
higher rate	88·00	92·00
lower rate	56·00	58·00
Widow's pension (private's widow)		
standard rate	51·35	53·50
childless widow under 40	11·85	12·35
Rent allowance (maximum)	19·55	20·35
Age allowance for elderly widows		
age 65-69	5·50	5·75
age 70-79	11·00	11·50
age 80 and over	13·85	14·45

Promoting Better Health

A White Paper setting out the Government's plans for improving Britain's primary health care services was published on 25 November and one of its major themes is the need to shift the emphasis from the treatment of illness to the promotion of health and the prevention of disease. It states that the primary health care services are uniquely placed to bring about this change and contains proposals for enabling them to meet more effectively the needs of consumers. The proposals in the White Paper would generally apply throughout Britain, but certain of them would need to be adapted to the particular circumstances of Wales, Scotland and Northern Ireland. The necessary legislative provisions, together with other health measures, are contained in the Health and Medicines Bill, published at the same time as the White Paper.

Ministerial Statement

Introducing the White Paper[1] in a statement to the House of Commons on 25 November (*Hansard*, Vol 123, No 51, cols 258-74), the Minister for Health, Mr Tony Newton, said that the primary care services – those provided outside hospitals by family doctors, dentists, pharmacists, opticians, community nurses and others – accounted for nine-tenths of all patient

[1] *Promoting Better Health: The Government's Programme for Improving Primary Health Care*. Cm 249. HMSO, £7·90. ISBN 0 10 102492 4.

contacts with the National Health Service (NHS), and currently cost over £5,000 million a year. The public consultations on the Green Paper had shown a wide measure of support for the Government's proposals, in particular for placing the promotion of better health at the centre of the stage. The White Paper showed clearly the amount of preventable disease that was present and contained many proposals for dealing with the problem. To achieve its aims, the Government proposed making general practitioners' contracts more sensitive to actual performance and would expect family practitioner committees to monitor more vigorously their contracts with family doctors. The White Paper also emphasised the needs of the consumer of primary care services, in particular by setting out ways of giving people more information with which to choose their practitioner, making it easier for people to change doctor, and providing improvements in complaints procedures.

The various measures proposed would bring particular benefits to inner cities and other deprived areas, the Minister said.

Turning to financial resources, Mr Newton said that expenditure on family practitioner services had risen by £1,500 million or 43 per cent in real terms since 1978-79. To achieve the strategic development set out in the White Paper would mean giving still greater priority to the services as a whole, and the Government had therefore thought it right also to look carefully at priorities within them. It had concluded that it was reasonable to secure some additional resources for development by asking those who could afford it to pay for sight tests and to meet somewhat more of the overall cost of dental care, through a system of proportional charges extending also to examination costs, for which at present no charge was made.

Existing plans already provided for additional expenditure by 1990-91 of some £570 million in real terms. This would be further increased by the substantial extra resources that the Government would make available to finance the improvements proposed. Towards the additional expenditure as a whole, the extra payments which people would make towards dental care and sight testing would contribute some £170 million by 1990-91.

Children, adults on low incomes and certain other groups would continue to obtain NHS dental checks and sight testing services free of charge.

The Minister for Health concluded that the Government's proposals would enable people to make more informed choices of practitioner, would give them access to higher quality services and, above all, would place the greatest emphasis on preventing illness and promoting positive good health. He believed it was a strategy that would be widely welcomed and supported.

The White Paper's Main Proposals

The publication of the White Paper follows a period of consultation after the publication in April 1986 of a Green Paper containing proposals for improving primary health care (see pp 167-8, 1986). The Government's main objectives are to make services more responsive to the consumer; to raise standards of care; to promote health and prevent illness; to give patients the widest range of choice in obtaining high quality primary care services; to improve value for money; and to enable clearer priorities to be set for family practitioner services in relation to the rest of the National Health Service. The Paper states that no opportunity should be lost to increase fair and open competition between those providing family practitioner services. To that end consumers should have readier access to much more information about the services provided, and the remuneration of practitioners should be more directly linked than at present to the level of their performance.

To achieve improvement, the Government intends to introduce a set of proposals designed to create a family *health* service, with an emphasis on promotion of good health rather than just on the treatment of illness. The following main changes are proposed:

Family Doctors

Incentives to make health promotion and the prevention of ill health a central function in general practice;

an extension of primary health care teams to include chiropodists, physiotherapists and others as well as nurses and doctors;

incentives to give regular health checks for vulnerable groups such as children and elderly people;

more health promotion sessions in general practice (for example, to advise and assist on prevention of heart disease, on how to give up smoking, and on diet);

the setting of agreed targets for achieving higher levels of vaccination, immunisation and cancer screening;

a compulsory retirement age of 70 for family doctors;

raising the standard of surgery premises, especially in deprived inner cities;

more information for the public about doctors and the services they provide;

more training for those providing family practitioner services.

Dentists

A new contract for dentists to encourage prevention of dental disease and to promote the quality of treatment provided;

measures to improve the regional distribution of dentists;

more funds for vocational and postgraduate training;

the establishment of a compulsory age of retirement.

Opticians

Free spectacle repairs for handicapped people and a domiciliary sight-testing service for the housebound on low incomes;

the abolition of a free National Health Service sight test, except for those on low incomes and registered blind and partially sighted people.

Other Proposals

An extended use of the pharmacist's skills;

action to see that the skills of community nurses are better used;

an extended role for Family Practitioner Committees in England and Wales and Health Boards in Scotland and Northern Ireland in administering these changes.

Education Reform Bill

A wide-ranging Bill that sets out to improve the quality and choice of education in Britain and to extend the rights of parents received its second reading in the House of Commons on 1 December. Subjects covered by the Bill include a national curriculum for schools, admission of pupils, management of schools' financial budgets, the establishment of grant-maintained schools outside local authority control, city technology colleges, the administration and funding of further and higher education, control of education in inner London, and academic tenure.

The Bill was given a second reading in the House of Commons by 348 votes to 241 (*Hansard*, Vol 123, No 55, cols 771-859).

MAIN PROVISIONS

In general the Bill applies to England and Wales only, although the provisions relating to universities also extend to Scotland.

Schools

National Curriculum

The Bill provides for the establishment by the Secretary of State for Education and Science of a national curriculum, arrangements for assessment and testing, and the approval of qualifications (see p 168). The general aims of the curriculum would be to promote the development of pupils and society and to prepare pupils for entry into adult life. The Government, local education authorities, school governing bodies and head teachers would be required to ensure that the curriculum for all state-maintained schools was broad and balanced, and would support these aims. The national curriculum would consist of the core subjects of mathematics, English and science, and other foundation subjects – history, geography, technology, music, art, physical education and (for secondary level pupils) a modern foreign language. For each of these subjects, attainment targets, programmes of study and assessment arrangements would be specified in relation to four key stages covering the period of compulsory education. In Wales, Welsh would constitute a core subject in Welsh-speaking schools and a foundation subject elsewhere, although the Secretary of State would have the power to make exemptions. Only external qualifications approved by the Secretary of State would be offered in maintained schools. The Bill provides for the establishment of the National Curriculum Council (for England), the Curriculum Council for Wales and the School Examinations and Assessment Council, which would act as advisory and development bodies.

Admission of Pupils to Maintained Schools

State-supported schools would be required to admit pupils up to the limit of their available physical capacity. This would increase the chances of children being given places in the school of their parents' choice.

Finance and Staff

There are provisions for the annual determination by local education authorities of the financing of each maintained school, and for delegating to governing bodies responsibility for important aspects of financial management and the appointment of staff. All local education authorities would be required to submit to the Secretary of State for his approval a scheme outlining the means which they would use each year to allocate expenditure between schools under their control. When approved the scheme would be published. The schemes would also have to include details of the authority's arrangements for delegating to governing bodies of all secondary schools and to primary schools with more than 200 pupils responsibility for managing their school's budget. Governors would be able to delegate responsibility for budgets to head teachers. Governing bodies of schools with delegated budgets would be responsible for deciding how many teaching and non-teaching staff should work at their schools; they would also have greatly increased powers in respect of appointments, suspensions and dismissals.

Grant-maintained Schools

New arrangements would be made for schools to withdraw from local authority control and to be directly funded. They would be known as grant-maintained schools. Governing bodies of local authority-maintained secondary schools and primary schools with more than 300 pupils would be empowered to apply to the Secretary of State for grant-maintained status. A secret ballot of parents on the question whether such a change of status should be sought would need to be held, as it would in the case where the parents of at least 20 per cent of the number of registered pupils at the school were seeking such a change. If the ballot showed a majority of parents to be in favour of applying for grant-maintained status, a submission could be made to the Secretary of State, and, on approval, the governors of the newly constituted grant-maintained school would receive an annual maintenance grant to pay for the school's running costs; the Secretary of State would in addition have the power to pay grant for all capital and certain other types of expenditure. The school would have to be of the same character as that which it had been prior to the acquisition of grant-maintained status; however, there is provision for changing a school's character after obtaining permission from the Secretary of State. No fees would be charged to parents. Governing bodies of grant-maintained schools would include five elected parent governors and at least two other parent governors. Governors would have the right to apply to the Secretary of State for permission to close their school and the Secretary of State would have powers to cease to maintain a school.

Collective Worship

The Bill would amend requirements for daily collective worship in state-maintained schools so that it could be organised at times other than the beginning of the day, and would allow for separate acts of worship for different groups of pupils.

City Technology Colleges

The Secretary of State would be empowered to enter into agreements for the funding of city technology colleges (see p 369, 1986). The colleges would be set up in urban areas and would provide a broadly

based secondary education with a strong technological element. They would be independent of local education authorities but part of the public system of education. Sponsors from industry and commerce, educational trusts, charities and other voluntary organisations would manage the colleges. Normal school running costs would be met by the Secretary of State, while capital costs would be shared with the bodies responsible for managing the colleges.

Higher and Further Education

Under the Bill 'higher education' would be defined as advanced courses – broadly, those of a standard higher than 'A' level – and 'further education' as all other post-school courses. There are provisions for the reorganisation of the structure and funding of higher education in line with proposals outlined in the White Paper, *Higher Education: Meeting the Challenge* (see pp 141-5). Polytechnics and other main colleges of higher education in England would be transferred from local authority control, while new arrangements would be made for central government funding of universities in England, Wales and Scotland, as well as for polytechnics and colleges in England.

Incorporation of Polytechnics and Colleges

Polytechnics and colleges of higher education which are primarily providing higher education would be incorporated as free-standing statutory corporations with charitable status. These would form boards of governors, half of whose members would be drawn from industry, business, commerce and the professions.

Funding of Higher Education

The Bill provides for the establishment of the Universities Funding Council (UFC) to replace the present non-statutory University Grants Committee. The 15 members of the council would be appointed by the Secretary of State, 6 to 9 of them from higher education. The Council would administer funds from the Secretary of State to pay for education, research and other activities in universities.

The Polytechnics and Colleges Funding Council (PCFC) would be set up to finance incorporated polytechnics and colleges of higher education. The provisions for the PCFC are essentially the same as those relating to the UFC.

Financing and Management of Locally Funded Further and Higher Education.

Local education authorities would be required to delegate financial and other powers to their further and higher education colleges and to reform the size and composition of college governing bodies. Each authority would have a duty to submit to the Secretary of State for approval a delegation scheme setting out how the annual budgets of the authority's further and higher education colleges would be calculated and the method for delegating the budgets to the governing bodies of all but the smallest of colleges. Governing bodies of colleges with financial delegation would have powers to select staff for appointment to the employment of an authority and to require the dismissal of staff. At least half of the members of the governing bodies of maintained colleges would either be representatives of employment interests or people co-opted by the governing bodies; not more than 20 per cent of members would represent the local education authority.

Education in Inner London

The Bill makes provision for the transfer of responsibility for education in the inner London boroughs and the City of London from the Inner London Education Authority (ILEA – a central body providing education for inner London boroughs) to the council of a borough or the Common Council of the City of London. Boroughs wishing to take responsibility for education would make an application to the Secretary of State who would decide the merits of each case. If eight or more boroughs successfully applied to opt out of the ILEA, leaving the ILEA serving five or fewer boroughs, the Secretary of State would be able to instruct remaining boroughs to assume responsibility for education. ILEA members elected for a borough taking over responsibility for education would cease to hold office, as would governors of schools in the borough who had been appointed by the ILEA or co-opted onto the governing body, although the new authority or governors would be able to reappoint them.

Academic Tenure

Staff appointed by universities after 20 November 1987 would not be protected from dismissal on grounds of redundancy or financial necessity under provisions contained in the Bill. All academic and related staff, whatever their date of appointment, would become liable to dismissal for inefficiency.

MINISTER'S SPEECH

Opening the debate, the Secretary of State for Education and Science, Mr Kenneth Baker, said that raising the quality of education in the schools was the most important task of the present Parliament and the programme of reform outlined in the Bill was the most far-reaching since the second world war. The Bill would create a new framework which would raise standards, extend choice and produce a better-educated Britain. The need for reform was urgent: recent figures had disclosed rates of illiteracy that should not be tolerated in present-day society. If more substance and reality were to be given to the principle of the 1944 Education Act that children should 'be educated in accordance with the wishes of their parents', consumers of education should be given a central part in decision-making. This meant freeing schools and colleges to produce the standards that parents and employers wanted and encouraging the consumer to expect and demand that all educational bodies did the best job possible.

The Bill sought to secure delegation and to widen choice. The Government wanted more decision-making in the hands of individual schools and colleges. When governing bodies and heads controlled their own budgets decisions could be taken on their spending priorities. The new grant-maintained schools would allow parents and governors to run the schools themselves; both grant-maintained schools and local authority-maintained schools would be subject to less control. Polytechnics and other higher education colleges which would become free-standing independent institutions would also benefit from greater responsibility for managing their own affairs.

There was a growing consensus for many of the measures of the Bill, particularly for the national curriculum which formed the basis of the reform proposals. The Bill also reinforced the position of religious education as a compulsory subject, and there would be a complaints procedure for parents dissatisfied with the way in which the national curriculum and religious education were taught. It was not intended to lay down the percentage of time to be spent on the different subjects but the Government considered that it would be difficult to cover the national curriculum in less than 70 per cent of the time. The remaining time would allow schools to offer such subjects as economics, Latin, business studies, careers education and a variety of others. The Government would not decide how lessons should be taught, or which textbooks should be used. The national curriculum would provide scope for imaginative approaches from teachers and would build upon their professionalism. In many secondary schools the technical and vocational education initiative (see p 231-2, 1986) had created cross-curricular activity or project work; the Bill would not stop activities of that sort. For the first time children would be required to take science and technology up to the age of 16. The purpose of the proposed assessment arrangements was to tell parents and teachers what a child knew and was able to do and understand; to identify whether the child needed extra help or more demanding work; and to indicate the achievements of schools and local education authorities generally.

Turning to the Bill's proposals for maximising parental choice of school, Mr Baker said it could not be claimed that all parents would get their first choice of school, but some of the unnecessary barriers could be removed. At present many local authorities spread intakes between popular and less popular schools, which resulted in empty desks in popular schools.

The Bill's proposals for financial delegation would give all larger schools responsibility for their own budgets. The formula that local authorities used for allocating resources between schools would be based first on the number and ages of registered pupils at each school, but could also take account of such factors as the presence of pupils from disadvantaged backgrounds or the remoteness of a school.

The proposals for allowing schools to opt out of local authority control and apply for direct funding would widen choice for many parents in the state-maintained sector and would help to improve standards in all schools. Local education authorities would want to keep their schools and would therefore have a greater incentive to respond to parents' wishes. There would be competition in the provision of free education, leading to higher standards. When it opted out a school would retain its former character and continue to admit pupils on the same basis as before.

The creation of the city technology colleges was another element in the plan to meet the needs of a changing world and would also increase choice for parents, especially in the inner cities.

The Government's objective for post-school education was to encourage more young people to benefit from further and higher education. A target had been set for this Parliament of a further 50,000 students in higher education. The polytechnics and other major colleges had come of age and it was proposed that they should become autonomous institutions outside local authority control. The appointment of more industrialists and business and professional people to the governing bodies of the colleges remaining under local authority control would ensure that these institutions were more responsive to the needs of employers.

The proposals to allow the inner London boroughs to run their own education service were designed to give the children of London a better deal. The ILEA had been an extravagant authority and the money spent was not meeting the needs of London's children. The Bill would allow the boroughs to withdraw from the ILEA from April 1990 or in subsequent years, but each borough would have to have parliamentary approval to do so.

Mr Baker concluded by saying that the purpose of these measures was to improve the quality of education for all children and to increase their opportunities to go on to colleges, polytechnics and universities, because a better-educated nation was a more prosperous nation.

OPPOSITION VIEWS

The chief official Opposition spokesman on education, Mr Jack Straw, said that the Bill would deny choice and instead concentrate power and control over schools, colleges and universities in the hands of central government. A large part of its purpose was to recreate a segregated and divisive school system. His party was in favour of a flexible core curriculum but not the imposed state syllabus proposed. There was nothing in the Bill that would encourage children between the ages of 16 and 18 to stay on at school and nothing about making nursery education universally available, Reducing the powers of local education authorities would destroy local initiative and, with it, effective parental choice and variety in the provision of education.

For the Liberal Party Mr Paddy Ashdown said that his party agreed with widening choice, improving standards and removing politics from education, but did not believe that the Bill would achieve these aims. Standards could not be improved without putting more resources into the system. Running through the Bill was a vendetta against local government. It represented a massive concentration of power in the hands of the Secretary of State which no government should have.

Housing

The Housing Bill, which provides for the implementation in England and Wales of many of the Government's proposals in its White Paper on housing (see pp 331–3), has received its second reading in the House of Commons. The Government's plans for housing policy in Scotland, which would involve the establishment of a new housing development agency, Scottish Homes, were published in a White Paper on 11 November. A new private sector body, known as the Housing Finance Corporation, has been set up to help housing associations to raise private finance for new housing.

HOUSING BILL

The Housing Bill, which is aimed particularly at transforming the rented housing market, makes provision for the deregulation of new private sector lettings, the reform of housing association finance, the creation of Housing Action Trusts, and for council tenants to choose a new landlord. The Bill was given its second reading in the House of Commons on 30 November by 324 votes to 214 (*Hansard*, Vol 123, No 54, cols 619–98 and No 55, cols 699–736).

Main Provisions

The first part of the Bill provides for changes to tenancies in the private rented sector. It defines the characteristics of an assured tenancy, which is the principal form of letting created under the Bill, and sets out the arrangements governing tenant security and the procedure whereby a landlord may recover his or her property. It converts assured tenancies under the 1980 Housing Act to the new system. The characteristics of an assured shorthold tenancy are defined, under which a landlord may repossess the property at the end of the term, and a new offence of harassment is created under an amendment to the Protection from Eviction Act 1977. Part II of the Bill extends the powers of registered housing associations and provides new powers for the Housing Corporation and the Secretary of State to pay grant to, and recover grant and rent surpluses from, such associations.

Part III provides for the designation of areas where Housing Action Trusts are to be established. It also provides for the establishment and dissolution of such trusts, and makes provision in respect of their functions and duties. Their primary objects are to include securing the repair or improvement of the housing, its proper and effective management, greater diversity of tenure, and the improvement of social and living conditions of the area generally. Provision is made for the trusts to own, manage and dispose of properties, and for the transfer to them of local authority housing accommodation. They will be required to consult local authorities and local residents about their proposals. The fourth part of the Bill establishes arrangements for tenants of certain public sector landlords to transfer with their existing homes to a new landlord.

Ministerial Statement

Opening the debate, the Secretary of State for the Environment, Mr Nicholas Ridley, said that the main purpose of the Bill was to make 'a cautious move towards evolving a new policy for rented housing'. The private rented sector had declined from 30 per cent of the housing stock in 1914 to just under 8 per cent in 1987, while the public sector had seen a major expansion, from about 1·1 million homes at the end of the 1930s to some 5·5 million in 1979.

Managing that number of houses was a massive undertaking, and often 'cumbersome, remote and inflexible arrangements for the management and maintenance of properties' had grown up, leading to physical decay and decline. Mass landlord provision had failed to give tenants what they wanted. The Government did not want to end the role of local authorities in housing, but to shift the future emphasis of their role from direct provision to securing the provision of housing by other agencies and organisations. It wanted to encourage the growth of other types of independent landlord in the rented sector, and, for tenants already in the public sector, 'to provide more choice and flexibility, encourage better management standards among local authorities through the introduction of competition and make a start on tackling the problems of the worst council estates'.

Mr Ridley pointed out that the Bill concentrated on the rented sector. Proposals for reform of local authority housing accounts and for the simplification and improved targeting of home improvement grants would be included in future legislation.

Assured Tenancies

Under the terms of the new assured tenancy, set out in Part I of the Bill, market rents would be 'freely negotiable between landlord and tenant, but the tenant will have long-term security of tenure comparable with that available under the present Rent Act'. Most new lettings would be either assured tenancies or assured shorthold tenancies. The system of registered fair rents would continue for existing lettings. The new shorthold tenancy was designed to meet the needs of landlords who wished to let their property for a fixed term and be certain of regaining possession at the end of the term. The rent for a shorthold tenancy would be negotiable between the landlord and the tenant, but the tenant would be able to apply to a rent assessment committee for a rent to be registered at any time once the tenancy had started. The committee would compare the rent for the tenancy with other market rents for shortholds of similar property in the area, and if it was excessive, would be empowered to reduce it.

The other major change in this part of the Bill concerned harassment of tenants. Under existing law it was an offence for any person to harass a residential occupier with the intention of causing the occupier to move. The test of intent had always been difficult to prove in practice, and the Bill therefore provided an additional offence of harassing an occupier knowing that this was likely to force an occupier to move, which was likely to be easier to prove. In addition, the Bill provided for a new civil right to improved compensation for tenants driven out by harassment or illegally evicted. Such tenants would be entitled to compensation based on the financial gain to the landlord of securing vacant possession of the property. This would make it less likely that landlords would be tempted to harass tenants to get vacant possession.

Part I of the Bill also applied to housing associations, Mr Ridley said, and in future most new housing association lettings would be either assured or shorthold tenancies. This would enable them to charge rather higher rents than the fair rents charged at present. These would not be full market rents because government grants would continue to be available via the Housing Corporation[1] to ensure that rents were kept at a level that the traditional clientele of housing associations could afford. However, this greater flexibility on rents would enable housing associations to attract private finance to supplement their grant allocations, and thus to provide more housing for a given amount of public money.

[1]The Housing Corporation, established by Parliament in 1964 to promote voluntary, non-profit-making housing associations and co-operatives, now funds and supervises 2,600 housing associations in Great Britain.

The effect of these measures, Mr Ridley said, would be for rents to move towards market levels. Any government support would 'focus on tenants, rather than on property, through the housing benefit system'. He expected the Bill to make a major contribution to ending the shortage of premises to rent in London and other places and to be a major contributor to solving the problem of homelessness. Welcoming the recent announcement by the Nationwide Anglia Building Society that it was setting up a new company, Quality Street, to provide up to 40,000 good quality, privately let homes, initially in Glasgow but later in other cities, Mr Ridley said that this showed that there were private sector organisations keen to invest in rented housing. The Government's plans would create the right climate for further imaginative initiatives of this sort.

Housing Action Trusts

Referring to the problems of tenants who lived in appalling conditions on some of the larger inner city estates, Mr Ridley said that it was beyond the capacity of local authorities to deal with these problems. Based broadly on the model of the urban development corporations (see p 337, 1986),[1] housing action trusts were intended to be 'short-life bodies which will take over large areas of rundown council housing – perhaps up to 5,000 or 6,000 homes – and refurbish and improve them before passing them on to new forms of ownership and management'. In the designated areas, the trusts would have most of the housing functions of the local authority, and Mr Ridley said it was his strong preference that the trusts should be able to proceed with the full co-operation of the local authorities. The Bill provided for the trusts to consult tenants and other residents fully about their plans.

Council Tenants

Mr Ridley said that while many local authorities had 'an undeniably good record as landlords, a significant number do not'. The proposals in Part IV of the Bill were designed 'to restore some balance by giving the tenant a choice – the right to seek an alternative landlord. This will introduce the spur of competition into the local authority rented sector for the first time.' The people who would be able to exercise the right to seek a new landlord would be secure tenants of local housing authorities, new towns and housing action trusts. The clauses specified that only landlords approved by the Housing Corporation would be able to apply to purchase the freehold of tenanted homes. Any tenant who wished to remain a tenant of the local authority would be able to do so, and in the case of blocks of flats, the transfer would not be able to go ahead if more than half of the tenants objected.

Conclusion

Mr Ridley said that the Bill marked 'a major step forward in improving the opportunities, choices and conditions of all those who rent rather than buy their own homes'. The Government wanted to see 'more and better housing for rent', and the Bill created the opportunity for putting 'private and public finance to work to create more choice and more competition'.

[1] See also CO1 reference paper *Industrial Regeneration in Britain*, No 263/86.

Opposition Views

The official Opposition spokesman on housing, Mr Clive Soley, said that housing had been recognised by successive governments as 'vital to the welfare of the nation'. However, the consequence of the Government's policy since 1979 had been the 'creation of a desperately serious and growing housing crisis throughout Britain', with a decline in rented housing, and in public sector building. The Bill was 'largely irrelevant and, in many cases, positively damaging'. Market rents were unlikely to revive the rented sector and the proposal to restructure housing association finance would break up a system that had commanded universal support. He noted that the Bill allowed only local authority tenants to opt out if they did not like their landlord, and said that the Government should be giving tenants 'real rights, whether they be in the public or private sector'. However, the Bill reflected the Government's opposition to public sector housing and local democracy.

For the Liberal Party, Mr Simon Hughes said that raising rents would inevitably increase, rather than decrease, homelessness. He was concerned about those who were just above the threshold for help and who would not qualify for housing benefit. He was suspicious of the motives of the private sector, which, in most cases, was principally seeking an investment, rather than to provide good housing. He was disappointed that the Government had not accepted that all private sector rented accommodation should be licensed. Mr Hughes welcomed the extension of the role of the housing associations but expressed concern that the Government appeared to be moving them from the public to the private sector. Britain would continue to need public sector housing in the foreseeable future, particularly for the poorest in the community, but under this Bill public housing would be 'underfunded, demoralised, criticised and privatised'.

Government Reply

Replying for the Government, the Minister for Housing and Planning, Mr William Waldegrave, said that Britain needed plurality of housing provision if it was to avoid the mistakes of the past. New communities should be built by 'partnership and plurality of provision, by owner-occupation as well as state provision'. He disputed the claim that the Bill would lead to the return of bad landlords. Bad landlords still existed, but would be driven out of business 'only when there is a range of alternative property from better and serious landlords with investment'.

Mr Waldegrave referred to the Bill's objective of supporting and re-establishing the independence of housing associations. These were doing 'some immensely good work' and, partly because they were smaller, their standard of management was higher than in the larger local authority estates.

The most radical part of the Bill, he continued, dealt with the housing action trusts. It was the first time, apart from the new towns, that central government would play a role in the improvement of some of the worst housing. It would involve applying the lessons learnt 'to rescue some of those who feel abandoned'. In conclusion, Mr Waldegrave pointed out that Britain needed to modernise its housing policy, and that more pluralism and a serious private rented sector were essential.

HOUSING IN SCOTLAND

The Government's plans for housing policy in Scotland, which are intended to give people a wider choice of housing, and to improve the supply and quality of housing, were set out in a White Paper[1] published on 11 November.

Achievements and Problems

The White Paper says that one of the key features of housing in Scotland in 1979 was the absence of choice for those seeking housing. More than half of all housing in Scotland was owned by public housing authorities which tended to dominate large geographical areas. The main focus of the action taken to extend choice since 1979 has been the promotion of the growth of owner-occupation, which has increased by one-fifth in eight years, from 35 to 42 per cent of housing stock. The council tenants' right to buy has significantly accelerated the rate of growth.

The Government has also sought 'to extend choice for those who wish to rent or are unable to become homeowners'. The independent rented sector had declined from 65 per cent of the housing stock in 1947 to only 10 per cent in 1979. The Government has substantially increased funding to housing associations, from £36 million in 1979 to over £100 million in each of the past six years. As a result, housing associations provide nearly four times as many houses as in 1979. They now have over 37,000 dwellings, about 2 per cent of total housing stock but about 25 per cent of the independent rented sector. Housing associations will be increasingly important as providers of rented housing at rents below market levels.

The revival of the traditional private rented sector has presented greater difficulties, says the White Paper. Rent controls have prevented property owners from getting an adequate return on their investment and laws on security of tenure have been a deterrent. 'Restoring an active private rented sector will allow individuals to take advantage of improved prospects in different parts of the country. It will help progress towards a better match between supply and demand for labour.'

The dominance of the public rented sector has become a negative factor in some parts of Scotland; in some areas there are major problems of unsuitable house types, disrepair and management failure. Low rents in many areas have contributed to inadequate standards of management and repair, against tenants' long-term interests. 'As the quality of the housing and its environment has declined, crime and violence have increased; . . . local enterprise and employment have disappeared and whole communities have slipped into a permanent dependence on the welfare system.'

The White Paper emphasises that the Government has already made great strides in improving the status and rights of tenants in the public sector. 'The introduction for the first time of a statutory tenants' charter in the Tenants' Rights Etc (Scotland) Act 1980 was a major advance for public sector tenants.' Now the Government proposes to give most public sector tenants a right to form co-operatives with their neighbours if they wish and new rights to transfer to new landlords of their choice. The Government has taken powers to limit subsidies from the rates to hold down rents; increasingly subsidy is directed through housing benefit to those individual tenants who need it.

Over a number of years the framework of public sector finance has had the effect of inhibiting private investment in housing. 'A more pluralist and more market-orientated system will allow greater scope for private investment, and more effective use of public sector money.'

The White Paper says that the remaining physical problems within Scotland's housing stock must be seen in perspective. Almost all houses now have the basic amenities, there are very few remaining slums, and the condition of much of the housing stock is good. Since 1979 the Scottish housing stock has increased by 3 per cent during a period of declining population.

Objectives

The White Paper sets out the Government's four main housing objectives for future policy and as a basis for forthcoming legislation. Broadly similar to those in the White Paper on Housing in England and Wales, these are:

1 to spread home ownership as widely as possible, by encouraging suitable market conditions, continuing tax relief on mortgage interest, and promoting tenants' rights to buy;

2 to 'revitalise the independent rented sector', so that the letting of private property will again become an economic proposition. Housing associations will be able to expand their provision for housing at rents which tenants can afford, and the housing association grant system will be restructured so that private finance can be fully employed;

3 to encourage public sector housing authorities to change and develop their role. The scale of provision by housing authorities as landlords should gradually diminish as a greater choice of alternatives becomes available to tenants;

4 to focus the use of public money more effectively so that tenants are given a better deal, and provide financial frameworks to increase the role of the private sector.

Policies founded on the Government's objectives will inevitably result in a more diverse pattern of rents, says the White Paper. In the unsubsidised independent sector, rents for new lettings will have to be at the market level; in other sectors specifically providing for those on low incomes, it will be appropriate for rents to be set at less than market levels. However, in all sectors rents should cover at least the basic costs. The housing benefit system will continue to provide appropriate support to all who need help with their rent.

Scottish Homes

The White Paper explains that responses to a consultation document on Scottish Homes, issued in May 1987, had confirmed the Government's judgment that 'a new development agency would make a substantial contribution to the housing needs of Scotland'. The Government intends to bring Scottish Homes into existence, incorporating both the Housing Corporation in Scotland and the Scottish Special Housing Association, as soon as possible after the legislation

[1] *Housing: The Government's Proposals for Scotland.* Cm 242. HMSO, £3·60. ISBN 0 10 102422 3.

has been enacted. Scottish Homes will continue the existing role of the Scottish Special Housing Association as a model landlord in relation to its own stock, with particular emphasis on developing greater choice for its tenants.

An important aspect of Scottish Homes' co-ordinating role will involve bringing together public landlords and the private sector. It will also act as co-ordinator for wider initiatives to secure the regeneration of urban areas, in respect of housing and environmental improvements. The Scottish Development Agency will continue to fulfil its existing role in urban regeneration projects which are primarily related to economic development. The main role of Scottish Homes in relation to the private sector will be to bring a private sector contribution to meeting housing needs and resolving the problems experienced by the public sector and its tenants. This will include encouraging additional private investment in housing and appropriate housing association projects. Scottish Homes will also have powers to provide financial assistance to wholly private sector housing projects where appropriate, and to give assistance to individuals who own their own homes and wish to improve them.

The White Paper points out that the benefit of Scottish Homes will be 'in the bringing together of a range of powers in a single unified body, rather than in the nature of the separate powers'. This has been the basis of the success of the Scottish Development Agency in economic development and environmental improvement and the Government is confident that Scottish Homes' success will match that of the Scottish Development Agency.

Owner-Occupation: Repair and Improvement

The Government intends to restructure and simplify the system of improvement and repairs grants to house owners in Scotland, by targeting grants to those who need them, encouraging better take-up of grants and attracting private investment in association with grants. It also intends to encourage local authorities to direct help to the areas of greatest housing need. Housing Action Areas will be retained with provision for greater flexibility in phasing improvement and repair work, and in dealing with major disrepair in the external fabric of buildings or groups of buildings.

Renting

The Government proposes to build on the concept of short tenancies and to introduce for Scotland the concept of assured tenancies, which has been operating in England and Wales for the past seven years and which is to be modified to make it more widely available (see p 429). This will make it possible for Scottish housing associations to broaden their activities, by making new lettings on an assured or short tenancy basis in the same way as the rest of the independent sector.

The Government also intends to introduce new rights for tenants in the public sector to transfer their tenancy to other landlords. The arrangements will be available to tenants of new town development corporations and the Scottish Special Housing Association (in due course Scottish Homes) as well as local authority tenants.

THE HOUSING FINANCE CORPORATION

A new private sector body, the Housing Finance Corporation, which will help housing associations to raise private finance for the provision of new housing, has been set up on the initiative of the Housing Corporation, the National Federation of Housing Associations and a number of City interests.

The Secretary of State for the Environment, Mr Nicholas Ridley, said in the House of Commons on 10 November (*Hansard*, Vol 122, No 42, cols 108–10) that the Government welcomed the creation of the Corporation and supported its objectives. Until the development of the Government's new private finance initiatives, registered housing associations had been largely dependent upon public sector grants for their development and renovation work. In future the Government hoped that an increasing proportion of their loan finance would come from the private sector. A growing number of registered associations would need to look to mixed sources of finance to support their work, partly public and partly private. He had approved the Housing Corporation's proposal that it should be a member of the Housing Finance Corporation.

Funding the Arts

A new system of arts funding has been announced by the Minister for the Arts under which allocations will be made for three years ahead, with a substantial cash increase of 10 per cent next year. This carries forward the Government's aim of maintaining support from public funds while encouraging subsidised bodies to become more self-reliant. In commenting upon the welcome given by the arts world to the new approach, the Minister said that the arts in Britain had never been of a higher standard.

Minister's Statement

In reply to a parliamentary question in the House of Commons on 5 November (*Hansard*, Vol 121, No 39, cols 848-50) Mr Richard Luce, Minister for the Arts, said that he had announced a long-term plan for funding the arts in July (see p 244) which would be carried forward by the 'new departure' in funding.

A three-year settlement of the arts budget would provide firm figures not only for the next financial year but for a three-year period from April 1988. This would give arts bodies a base on which to plan their future activities and growth. In order to get this approach off to a good start a substantial increase in funding would be provided for the first year.

The three-year settlement would apply to the greater part of the central government arts programme and would include the national museums and galleries; the Arts Council, the British Film Institute, and the Crafts Council; the running costs of the British Library and the public lending right. It did not include the National Heritage Memorial Fund for which additional funds had been announced by the Secretary of State for the Environment in October (see p 387), nor the capital costs of the new British Library under construction at St Pancras. The new method of funding – which

would become a rolling three-year programme – would allow arts bodies to know ahead what funds the Government would provide, to plan their own fund-raising and income generation, and to match their plans and priorities to their total resources over a three-year period.

Allocations

The part of the arts budget to which the three-year settlement applied would rise from £336 million in 1987-88 to £394 million in 1990-91, an increase of £58 million or 17 per cent. The increase in the first year would be 10 per cent and would be allocated between arts bodies according to the strength of their case for additional support.

The Arts Council's grant would rise from £138 million in the present year to £150 million next year, £155 million in 1989-90 and £160 million in 1990-91, an increase of over 15 per cent in the three years. From this increase the Council would deal with the financing of overseas tours by the major companies and set aside sums by the third year for incentive funding (see p 243) and increased touring in the regions. The grant to the British Film Institute would rise to £12 million in the third year, an increase of nearly 20 per cent, and the grant to the National Film and Television School by 50 per cent to £1·7 million. The Crafts Council's grant would rise by nearly 19 per cent to £2·4 million. Provision for the Business Sponsorship Incentive Scheme would rise from £1·75 million at present to £3 million in 1988-89 and for subsequent years, and the allocation to the public lending right scheme would increase from £2·75 million at present to £3·5 million next year and thereafter.

Funds for the running costs of the British Library would increase from £51 million in the current year to £56 million by 1990-91, and for museums and galleries from £126 million at present to £141 million next year and £146 million in 1990-91.

These measures combined a substantial increase with a firm limit and offered an opportunity for broadening the base of support for the arts. As living standards rose the Government should aim at ensuring that increasing numbers of people not only had access to the arts but participated in supporting them.

In a speech to the Arts Council at Stratford-upon-Avon on 12 November Mr Luce said that he welcomed the positive way the arts world had reacted to the new system of funding. There was a new climate with a unity of purpose. The arts in Britain had never been of a higher standard nor in greater demand. He believed that their excellence would be one of the most attractive characteristics of the final decade of the century.

Shorter Notes

DATA PROTECTION ACT: SUBJECT ACCESS PROVISIONS

The subject access provisions of the Data Protection Act 1984 (see pp 44-7, 1984) took effect on 11 November, marking the final stage in bringing the Act into operation. The Act aims to provide individuals with the maximum degree of freedom to see records on them kept on computers combined with the minimum safeguards necessary in the interests of the general public and the individuals concerned.

Data users must respond within 40 days to requests from individuals to see their computer records. They are obliged to supply a copy of the information held and any explanation that is needed for abbreviations or markings. If individuals consider that they have not been given all the information to which they have a right, they can complain to the Data Protection Registrar (see pp 287-8, 1984) or to a court. In either case, an order may be made requiring the information to be released. There is already a right to compensation for people who can show that they have suffered damage as a result of inaccurate information being held about them or unauthorised release of information.

The subject access provisions do not apply to data relating to national security. Access is limited in the areas of medical and social work records, information held by financial regulatory bodies and records on adoption and special educational needs. Medical and social work records can be withheld if it is considered that disclosure could cause serious harm to the physical or mental health of the individuals concerned. Data kept for the prevention of crime, for prosecution of offenders, and for tax purposes is exempted if allowing an individual to see his record would prejudice investigations. An appeal can be made to the Registrar or to the courts challenging any decision by the police to withhold information. The same right of appeal applies to medical and social work records.

Source: Home Office press notice, 10.11.87.

£10 MILLION GRANT TO ASSIST HAEMOPHILIACS INFECTED WITH AIDS VIRUS

A grant of £10 million has been made to the Haemophilia Society to enable it to provide help to those haemophiliacs who have been infected with the AIDS virus as a result of treatment with contaminated blood products.

In a statement to the House of Commons on 16 November, the Minister for Health, Mr Tony Newton, said that while there existed no state scheme for offering 'no fault' compensation for those damaged by medical treatment, the Haemophilia Society had presented a powerful case for the wholly exceptional position of haemophiliacs who had contracted the AIDS virus. Their employment prospects and insurance status had already been affected by the haemophilia itself; the treatment that had caused their infection had been designed to help them live as near normal a life as possible; and the hereditary nature of haemophilia could mean that more than one member of the family might be affected. Recognising the unique position of these haemophiliacs, the Government had made an *ex gratia* grant to the Society to enable it to establish a special trust fund through which it could make payments to the affected individuals and families throughout Britain. At the Society's request, government advice and assistance in administering the fund would be arranged.

Sources: *Hansard*, Vol 122, No 44, col 773; Department of Health and Social Security press notice, 16.11.87.

INFORMATION TECHNOLOGY AND THE FUTURE OF EDUCATION

In a reply to the Information Technology Advisory Panel's report *Learning to Live with IT* (see pp 274-5, 1986), the Government says that while it wholeheartedly endorses much of the report's analysis, it does not wish to adopt its formal recommendations, including one that a commission of inquiry be set up to consider Britain's future education system, because many of the needs identified are already being met.

According to the Government, the report rightly calls attention to the profound implications of information technology (IT) for education and training as well as to the crucial role of education and training in enabling people to benefit from IT. It emphasises the potential of IT to enhance training and education across the curriculum, and acknowledges the innovative and exciting work being undertaken in schools (see pp 76-7). Additionally, the report draws attention to difficulties which can attend the incorporation of IT into teaching and learning, and insists on the continuing importance of providing suitably trained teachers and lecturers. The Government agrees with all these points. Similarly, it, too, believes that the issues surrounding IT's role in education and training cannot be divorced from wider questions about the future direction of education and training in a rapidly changing society. The Government's approach is to encourage maximum co-operation and co-ordination between the various partners in developing education and training policy, including policy for IT. This has resulted in the formulation of government-led initiatives to develop IT in schools and in further and higher education. Other reforms now being planned (see p 426), such as the movement towards an agreed national curriculum in schools, will also have a significant part to play in ensuring that the education service continues to elaborate appropriate policies for the use and understanding of IT.

Source: *Government Response to the ITAP Report 'Learning to Live with IT'*. Department of Education and Science. HMSO, £1·50. ISBN 0 11 270633 9.

SPORTS POLICY

A public debate on the future shape of government sports policy has been initiated by the Minister for Sport, Mr Colin Moynihan, in a letter to the Chairman of the Sports Council, Mr John Smith. Mr Moynihan began by outlining the aims of the Government's sports policy which were to improve the nation's health; alleviate social deprivation; and promote excellence in sport at national and international levels. Britain had a relatively high death rate from heart disease which greater participation in sport and exercise could help to reduce. Sport could provide a means for channelling the energies of young people living in areas of high unemployment into constructive and satisfying activities that fostered individual self esteem and discipline as well as greater community confidence and cohesion. Success in sport boosted Britain's international prestige and trade.

The Minister was primarily concerned with the role and functions of the Sports Council as the Government's executive arm for developing and promoting sport and as the recipient of the Government's grant to sport. The Council's activities had to be viewed in relation to those of the governing bodies of individual sports, representative bodies (particularly the Central Council of Physical Recreation and the British Olympic Association), local authorities and the voluntary and private sectors. The Sports Council was spreading its resources over a wide range of activities and programmes designed both to promote participation in sport by the community as a whole and to provide the necessary resources for supporting top-level sportsmen and women. The key questions to be addressed were whether a proper balance was being achieved between sporting excellence and wider participation, and whether enough was being done to promote private sector investment in sport.

A number of more specific issues were raised by these central questions. For instance, there was the question whether the Council should direct more financial aid towards community provision, especially towards the inner cities, young people, the unemployed and other groups with special needs; this in turn could point to the need to strengthen the Council's regional structure and to encourage increased involvement of local industry and commerce in sport. The Council could consider developing more effective guidelines, advice and programmes for assisting sports governing bodies to attract more funding from the private sector, in so doing freeing resources for its own community programme. It could look at the possibility of ending its support for top-level competitors and leaving this to governing bodies, the British Olympic Association and the Sports Aid Foundation. Such changes of emphasis might mean that changes in the composition and size of the Council's membership would become necessary. Another of the Council's roles, management of the National Sports Centres, also merited some reassessment.

The Sports Council and other interested bodies are asked to examine these questions and to submit their views to the Minister by 1 March 1988.

Source: Letter from the Minister for Sport, Mr Colin Moynihan, to the Chairman of the Sports Council, Mr John Smith, dated 19 November.

DOCUMENTATION

Government and Administration

United Kingdom Government Ministers. COI, No 61/87. Revised November 1987.

External Affairs and Defence

Britain's Defence Services. (Reproduced from *Britain 1988: An Official Handbook.*) COI, No 231/87.

Economic and Scientific Affairs

Britain's Economy. (Reproduced from *Britain 1988: An Official Handbook.*) COI, No 230/87.

Government purchasing: progress report to the Prime Minister from the Central Unit on Purchasing. The annual report of the Unit records that, in 1986-87, government departments (excluding the Ministry of Defence) achieved improvements in value for money amounting to £286 million (some 5 per cent of their expenditure). The target for 1987-88 is £388 million. HM Treasury. HMSO, £3·50. ISBN 0 11 560014 0.

78th Report of the Commissioners of Her Majesty's Customs and Excise for the year ended 31 March 1987. Net receipts of taxes and duties rose by some 10 per cent during the year to reach £41,200 million. This represented about 41 per cent of total revenue from central taxation. Value added tax accounted for 52 per cent of receipts, excise duties for 42 per cent and customs duties for 4 per cent. The gross costs of Customs and Excise services amounted to £453 million, equal to 1·1 per cent of net receipts. Cm 234. HMSO, £7·60. ISBN 0 10 102342 1.

Local Government Finance (England): the Rate Support Grant Report (England) 1988-89. Department of the Environment. HMSO, £6·80. ISBN 0 10 216388 X.

New Powers for Local Authority Auditors. This consultative paper proposes new powers for auditors to take early action to prevent illegal spending on unlawful losses by local authorities. The proposals are based on recommendations made in 1986 by the Committee of Inquiry into the Conduct of Local Authority Business (see pp 209-10, 1986). Available unpriced from Department of the Environment, Room N 10/11, 2 Marsham Street, London SW1P 3EB.

Annual Report by the Department of Trade and Industry for the year ended 31 March 1987. Department of Trade and Industry. HMSO, £2·60. ISBN 0 10 210988 5.

Britain and the International Trading System. COI, No 289/87.

The Funding of Vocational Education and Training. A consultation document based on a report prepared for the Manpower Services Commission by Deloitte, Haskins and Sells. Available free from the MSC, Policy and Analysis Branch, Sheffield S1 4PQ.

Bankruptcy General Annual Report for the year 1986. HMSO, £3·90. ISBN 0 11 513994 X.

Information Technology: Its Profitable Introduction to Business. Advisory, Conciliation and Arbitration Service and Institute of Management Services. Available unpriced from the Information Section, ACAS, 11-12 St James's Square, London SW1Y 4LA.

Food from Britain: Annual Report 1986-87. Available unpriced from Food from Britain, 301-344 Market Towers, New Covent Garden Market, 1 Nine Elms Lane, London SW8 5NQ.

Renewable Energy. Folder containing various publications illustrating aspects of the Department of Energy's renewable energy research and development programmes. Available free from Renewable Energy Enquiries Bureau, ETSU, Building 156, Harwell Laboratory, Oxfordshire OX11 0RA.

British Airways Plc and British Caledonian Group plc: A report on the proposed merger. Cm 247. Monopolies and Mergers Commission. HMSO, £7·40. ISBN 0 10 102472 X.

1987 Annual Review of Government Funded R & D (see p 415). Cabinet Office. HMSO, £10·50. ISBN 0 11 513988 5.

National Research Development Corporation: Annual Report and Accounts 1986-87. Available unpriced from British Technology Group, 101 Newington Causeway, London SE1 6BU.

Report of the Science and Engineering Research Council for the Year 1986-87. Details the activities of SERC's own research institutes, its support for academic science and its involvement in European co-operative research programmes. Available from SERC,

Polaris House, North Star Avenue, Swindon, Wiltshire SN2 1ET. £6. ISBN 1 870669 00 2.

Natural Environment Research Council: Report for 1986-87. Available from NERC, Polaris House, North Star Avenue, Swindon, Wiltshire SN2 1EU. £5·50. ISBN 0 901875 59 7.

Science Parks in Britain. COI, No 265/87.

CEGB Research No 20 (August 1987). Special issue on acid rain. Available free from Marchwood Engineering Laboratories, Marchwood, Southampton, Hampshire SO4 4ZB.

Nature Conservancy Council. Thirteenth Report covering the period 1 April 1986-31 March 1987. The reform of agriculture and the need for forestry policies more sensitive to conservation, with particular reference to the Caithness and Sutherland peatlands, are two of the main subjects discussed. Government grant to the NCC has increased from £12·7 million in 1983-84 to £36·5 million in 1987-88. Available from Publications Department, Nature Conservancy Council, Northminster House, Peterborough PE1 1UA. £5. ISBN 0 86139 397 X.

The Urban Programme 1986-87: Annual Report. Available unpriced from the Department of the Environment, 2 Marsham Street, London SW1P 3EB.

The Derelict Land Programme 1986-87. A report on the development, management and performance of the derelict land reclamation programme in England. Available unpriced from the Department of the Environment, 2 Marsham Street, London SW1P 3EB.

Social and Cultural Affairs

Human Fertilisation and Embryology: A Framework for Legislation. [To be covered in January 1988 edition of *Survey of Current Affairs.*] Cm 259. HMSO, £3·30. ISBN 0 10 102592 0.

Demographic Review 1984. Series DR No 2. A detailed analysis of the population of Great Britain up to 1984, by the Office of Population Censuses and Surveys. It looks at the changes in the composition of the population, mortality, marriage and divorce, births and fertility. HMSO, £8. ISBN 0 11 691211 1.

Promoting Better Health: The Government's Programme for Improving Primary Health Care (see pp 424-5). Cm 249. HMSO, £7·90. ISBN 0 10 102492 4.

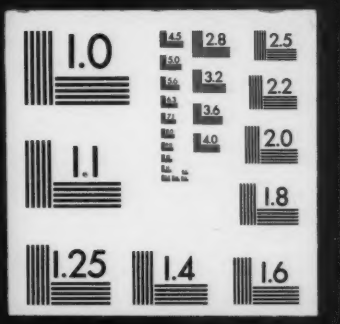
Government Response to the ITAP Report 'Learning to Live with IT' (see p 434). Department of Education and Science. HMSO, £1·50. ISBN 0 11 270633 9.

Teachers' Pay and Conditions – a Consultative Document. HMSO, £4·50. ISBN 0 11 270629 0.

Effective Youth Work: Education Observed 6. A Report by HM Inspectors. Examples of good youth work practice, illustrating how a variety of activities can contribute to the personal and social development of young people. Available unpriced from Department of Education and Science Despatch Centre, Canons Park, Honeypot Lane, Stanmore, Middlesex HA7 1AZ. ISBN 0 85522 174 7.

The Care and Protection of Children in Britain. COI, No 298/87.

Children's Evidence: the Need for Corroboration. Research and Planning Unit Paper 41. Considers the question of the examination and reliability of children who are considered to be too young to take the oath, especially in cases of alleged child abuse, and concludes that courts should not prevent children from giving evidence simply on the basis of age. Argues against any general requirement for children's unsworn evidence to be corroborated in sexual abuse cases. [A government amendment to the Criminal Justice Bill at present before Parliament provides for children's unsworn evidence to be acceptable even if uncorroborated, as long as the jury is warned, in cases of sexual offences.] Available unpriced from RPU, Room 278, Home Office, 50 Queen Anne's Gate, London SW1H 9AT. ISBN 0 86252 304 4.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